



# uMGUNGUNDOVU DISTRICT MUNICIPALITY

# 2013 / 2014 ANNUAL REPORT





**Compiled by the Office of the Municipal Manager**

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ANNUAL REPORT 2013 | 2014



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## FOREWORD BY THE HIS WORSHIP THE MAYOR



**His Worship the Mayor  
Councillor YS Bhamjee**

*"I am also proud to announce that during the reporting period the uMgungundlovu District Municipality received three prestigious awards..."*

I am proud of the fact that the uMgungundlovu District is one of the fastest growing areas in terms of population and economy. The recently released census information shows that the population is now well over a million people. The District also accounts for 13, 5% of the KwaZulu-Natal Gross Geographic Product and 14,5% of the province's formal employment. With such growth it is just a matter of time before this District achieves metro status.

During the 2013 / 2014 financial year the uMgungundlovu District Municipality achieved some significant milestones towards improving the lives of community members that we serve. I am proud to report that 91% of the people in the District now have access to potable water and 96% have access to at least basic levels of sanitation. We are on track to reach the millennium goals by 2016 through our ongoing infrastructure projects. At the time of writing there were 65 water projects at various stages of completion and 22 sanitation projects where a total of 6 786 jobs have been created through the Extended Public Works Programme.

The increasing momentum of the Mandela legacy in the District in the form of the Mandela Day Marathon is having a significant impact on the local economy. The economic impact has now grown from R10 million in 2012, when the inaugural event was held, to R85 million in 2014. In the process of staging the 2014 chapter of this event the District Municipality created 500 temporary jobs through the Extended Public Works Programme.

I am also proud to announce that during the reporting period the uMgungundlovu District Municipality received three prestigious awards, namely the Best District Mayor Award for the second consecutive year; the joint winner of the Best Community Project; and the first runner-up for the Best Performing District Municipality. I would like to thank the Municipal Manager and his Staff for their hard work and dedication that made this possible.



## MESSAGE FROM THE MUNICIPAL MANAGER

The organisational maturity of the uMgungundlovu District Municipality continues to grow as more key positions are filled with competent officials and the overall professionalism improves. An example of this is the adoption and implementation of the Debt Recovery Policy that is having a positive effect on the collection rates of water accounts. During June 2014, the final month of the reporting period, the collection rate was up to 87%. This encouraging trend will go a long way to improving the financial viability of the Municipality.

In the previous Annual Report I pointed out that the uMgungundlovu District Municipality was in the process of evolving from a strictly water centric institution towards becoming more citizen centric. In this Annual Report it will be noticed that we have made significant strides towards this end. While still striving to eradicate water and sanitation backlogs in the District, we have also been able to create a significant number of jobs through the Extended Public Works Programme and stimulate the local economy with the economic impact accruing from the Mandela Day Marathon. We were also able to achieve another first for the District Municipality with the launch of the Liberation Heritage Route that is supported by the National Heritage Council and will further increase the number of tourists visiting the District. Looking ahead the District will grow at an increasing rate through adoption and implementation of the District Growth and Development Plan.

This will be the driver that will take the District to metro status. Secondly, an Economic Development Agency for the District will be established before the end of 2014 that will attract new direct investment into the region.

Thirdly, more jobs will be created through the Extended Public Works Programme by ensuring that all municipal departments, not just our Department of Technical Services, use this Programme to create job opportunities. And finally we need to promote a green economy through implementing renewable energy projects. In this regard the planning for a large wind farm at Impendle Local Municipality is already at an advanced stage.



**Mr TLS Khuzwayo**  
**Municipal Manager**

*"The organisational maturity of the uMgungundlovu District Municipality continues to grow as more key positions are filled with competent officials and the overall professionalism improves....."*

## VISION, MISSION AND CORPORATE STRATEGY

### Vision

uMgungundlovu District Municipality will evolve into a dynamic metropolitan municipality, spreading its vibrant economic benefits to all its citizens and places and will, through concerted integrated development and service delivery, realise improvements in the overall quality of life.

### Mission

The uMgungundlovu District Municipality will through sound governance and community participation ensure the provision of equitable and sustainable services and economic growth.

### Strategy

uMgungundlovu is citizen centric, results driven and performance oriented, and aims to achieve its Vision by 2016.

### Corporate Values

Driven by the aspirations of the people we strive to achieve our Vision and Mission through:

- Providing services according to the principles of Batho Pele (People First)
- Practicing ubuntu
- Accepted codes of practice and standards of professionalism
- Teamwork and commitment
- A high standard of work ethic
- Constant engagement with stakeholders.



## LEGISLATIVE MANDATES

The legislative mandates exercised by the District Municipality in terms of the local government legislative framework are reflected in the following table:

- **Constitution of the Republic of South Africa (Act no. 107 of 1997)**
- **Municipal Structures Act (Act no. 117 of 1998)**
- **Municipal Systems Act (Act no. 32 of 2000)**
- **Municipal Finance Management Act (Act no. 56 of 2004)**
- **Water Services Act (Act no. 108 of 1997)**
- **National Water Act (Act no. 39 of 1998)**
- **Basic Conditions of Employment Act (Act no. 137 of 1993)**
- **Intergovernmental Framework Act (Act no. 13 of 2005)**
- **Health Act (Act no. 61 of 2003)**
- **Local Government: Municipal Planning and Performance Management Regulations**
- **Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Manager**
- **Budgeting and Reporting Regulations**
- **Municipal Supply Chain Management Regulations**
- **Competency Regulations**



## PORTFOLIO OF SERVICES

The legislative mandates listed on page 5 give rise to the portfolio of services displayed on this page. These services are provided in terms of section 84 (1) of the Municipal Structures Act (Act no. 117 of 1998) and include the following services:

1. Integrated development planning for the District as a whole with alignment to the Integrated Development Plans of the local municipalities in the District
2. Supply of water and sanitation to six of the local municipalities
3. Sewage purification works and sewage disposal at six of the local municipalities in the District
4. Solid waste management throughout the District
5. Emergency services (Fire and Disaster Management) in six of the local municipalities
6. Establishment and management of cemeteries and crematoria in six of the local municipalities in the District
7. Promotion of local economic development
8. Promotion of tourism development in the District
9. Town and Regional Planning and Geographic Information services throughout the District
10. Environmental Health Services
11. Municipal public works relating to any of the above services or any other functions assigned to the District Municipality
12. The receipt, allocation and, if applicable, the distribution of grants made to the District Municipality
13. The imposition and collection of service charges, taxes, levies and duties as related to the above functions or as may be assigned to the District Municipality in terms of legislation

### Services not yet rendered:

1. Regulation of passenger services
2. Municipal airports
3. Municipal health services
4. Establishment and management of fresh produce markets and abattoirs

## EXECUTIVE SUMMARY

The uMgungundlovu District is one of the fastest growing areas in terms of both population and economy. In 2001 the District population was 932 131 while the recently released census data records an increase of 0,88% per annum between 2001 and 2011 with the total population now over a million at 1 017 763. The District also accounts for 13, 5% of KwaZulu-Natal's Gross Geographic Product and 14, 5% of the province's formal employment.

The District is diverse with Pietermaritzburg as the main economic and service hub. The Local Municipalities that make up the uMgungundlovu District each have the following unique attributes and economic development opportunities:

- **uMshwathi:** Sugar cane and maize production
- **uMngeni:** Mixed manufacturing and farming with beef, dairy and timber
- **Mpofana:** Dairy farming, maize, wheat, beans, peas and potatoes
- **Impendle:** Tourism and renewable energy in the form of a wind farm
- **Msunduzi:** Manufacturing, especially aluminium, events and services
- **Mkhambathini:** Poultry, pigs, beef and eco tourism
- **Richmond:** Timber and manufacturing wood products

During the 2013 / 2014 financial year progress was once again made towards achieving the following Vision and Mission as formulated by the Municipal Council:

**Vision:** uMgungundlovu District Municipality (uMDM) will evolve into a dynamic metropolitan municipality, spreading its vibrant economic benefits to all its citizens and places and will, through concerted integrated development and service delivery, realise improvements in the overall quality of life.

**Mission:** The uMDM will through sound governance and community participation ensure the provision of the equitable and sustainable services and economic growth.

The District Municipality's flagship project is the Mandela Day Marathon that is growing at such a rate that it marks the arrival of a new dawn in South African sport. In addition to the 42,2 km marathon, the event now also includes a half marathon, 10 km race, a 4,666 km event for celebrities, a mountain biking event and a golf day. The 2014 event attracted 10 000 participants and it is estimated that the impact on the local economy was in the region of R85 million. The greatest advantage of this project is, however, that it has entrenched the Mandela legacy into the way things are done in the uMgungundlovu District Municipality.

During the reporting period the uMDM also made significant progress in eliminating service delivery backlogs in the field of water and sanitation. As many as 65 water infrastructure projects and 22 sanitation projects were at various stages of completion and 91% of the people in the District have access to water and 96% have access to sanitation.

Good progress was also made with job creation through the Extended Public Works Programme. In the water and sanitation infrastructure projects a total of 6 786 jobs were created and 500 were created around the Mandela Day Marathon.

*"The greatest advantage of this project is, however, that it has entrenched the Mandela legacy into the way things are done in the uMgungundlovu District Municipality....."*

The creation of the Liberation Heritage Route that is supported by the National Heritage Council will be a further attraction for tourists to the District with resultant economic spinoffs. The objective of the Liberation Heritage Route is to identify, document research, present and develop a series of liberation sites with localised, provincial and national significance. The sites that form the Route present evidence of a common narrative, memory and experience associated with liberation history.

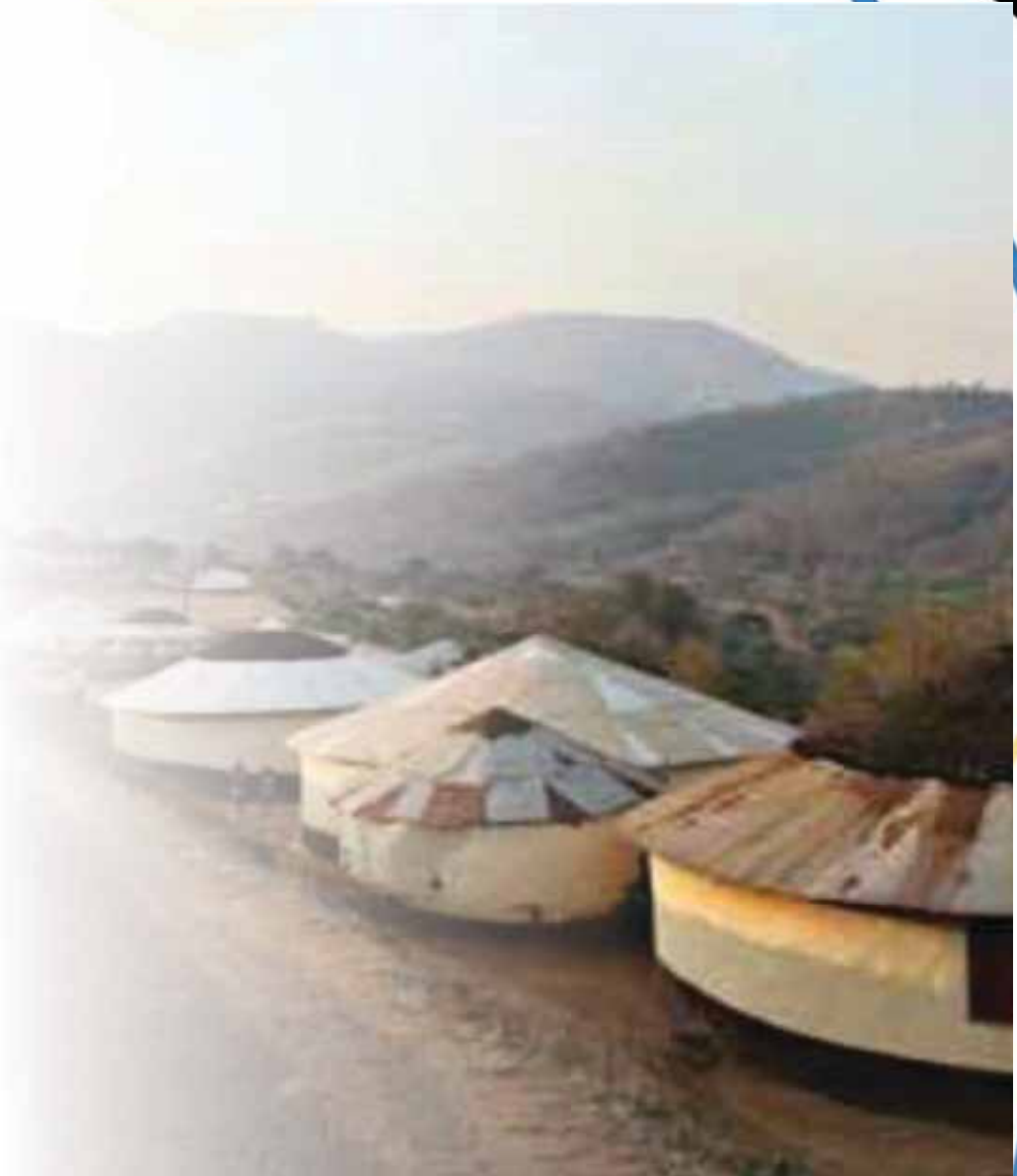
At the annual KwaZulu-Natal Municipal Excellence Award for 2013 arranged by the provincial Department of Cooperation and Traditional Affairs the uMDM received recognition for:

- Best Performing District Mayor for the second consecutive year;
- Joint winner of the Best Community Project for the Mandela Day Marathon; and
- First runner-up for the best Performing District Municipality.

Revenue collected from the sale of water continued to increase. In June 2014 the percentage collection rate peaked at 87% with the average monthly collection rate for the year being 57.5%. In September 2013 a significant additional number of water consumers were billed and that accounts for the relatively low collection rate of 21% during that month. The Debt Collection Policy is now being implemented and this is having a positive effect on the collection rate.

In an effort to improve the standard of service delivery to Customers the uMDM is making a special effort to implement the Batho Pele principles at its Customer Care Centres. Suggestion boxes, one for suggestions, one for complements and one for complaints have been placed in all Customer Care Centres.

Furthermore, a comprehensive customer satisfaction survey has been conducted throughout the District. Customer satisfaction baselines have been set and going forward it will now be possible to track progress in meeting the needs of the Customers served by the uMDM.





## CHAPTER ONE

### uMgungundlovu at a Glance

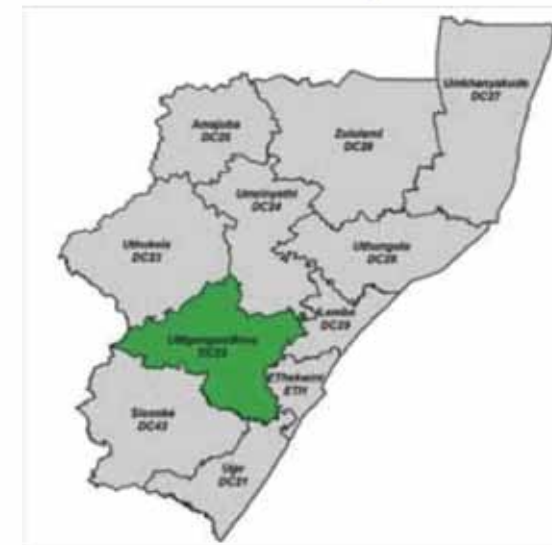
As stated in the District's Growth and Development Plan, the uMgungundlovu District is one of the ten (10) district municipalities that make up the KwaZulu-Natal Province. It is surrounded by the Ilembe, Umzinyathi, uThukela, Ugu and the Harry Gwala District Municipalities and the eThekweni Metropolitan Municipality.

The N3, which is the busiest national highway in South Africa, passes through the area. This, coupled with Pietermaritzburg's status as capital of KwaZulu-Natal, makes the District one of the busiest districts in the Province. It covers an area of approximately 9 189,53 square kilometres and is divided into seven (7) local municipalities as can be seen from the map on this page.

The District is one of the fastest growing areas in terms of both population and the economy. In 2001, the District population was 932 131 while the recently released census data suggests an increase of 0,88% per annum between 2001 and 2011 and a total population of 1 017 763 people in 2011.

The District is diverse and made up of sub-areas, each with unique attributes that combine in a systematic manner to establish the District as a district geographic functional region with Pietermaritzburg as the main economic and service hub.

Other sub-areas include the renowned Midlands Meander, high potential agricultural areas (Midlands Mist Belt), expansive rural settlements and small towns that serve the rural hinterland. The District accounts for 13,5% of KwaZulu-Natal's Gross Geographic Product and 14,5% of the province's formal employment.



## Local Municipalities in the uMgungundlovu District



### KZ221: UMSHWATHI MUNICIPALITY

The uMshwathi Municipality is the second largest of the seven municipalities in the District, after Msunduzi, and is centred at Wartburg / New Hanover. The area is characterised by good rainfall, fertile soils and a temperate climate that results in the area contributing 40% of the total sugar cane and maize production in the uMgungundlovu District. Some of the main attractions in the Municipality include the Albert Falls (which includes a game reserve), which offers tourism and agricultural opportunities, with leisure activities including bass fishing, canoeing, kayaking and rowing attractions for locals and visitors.



Above: Forty percent of the total sugar cane and maize produced in the area

Left: Nyala bull in the nearby game reserve at Albert FallsDam







## KZ222: UMNGENI MUNICIPALITY

The seat of the uMngeni Municipality is at Howick. Hilton and Howick are situated on the N3 corridor, providing opportunities for development. The uMngeni municipal area presents a mix of manufacturing enterprises, leisure facilities and a burgeoning agricultural sector. Howick Falls, Karkloof Falls and the Midmar Dam are well developed tourism attractions and the Midlands Meander is one of the most successful tourism initiatives in South Africa. The area boasts the Cedara Agricultural College, and lends itself to beef and dairy farming, timber production and the cultivation of vegetables. It also boasts renowned schools and is regarded as one of the retirement meccas of the country.



Midmar Dam (above) and the Karkloof Falls (left) are well developed tourism attractions





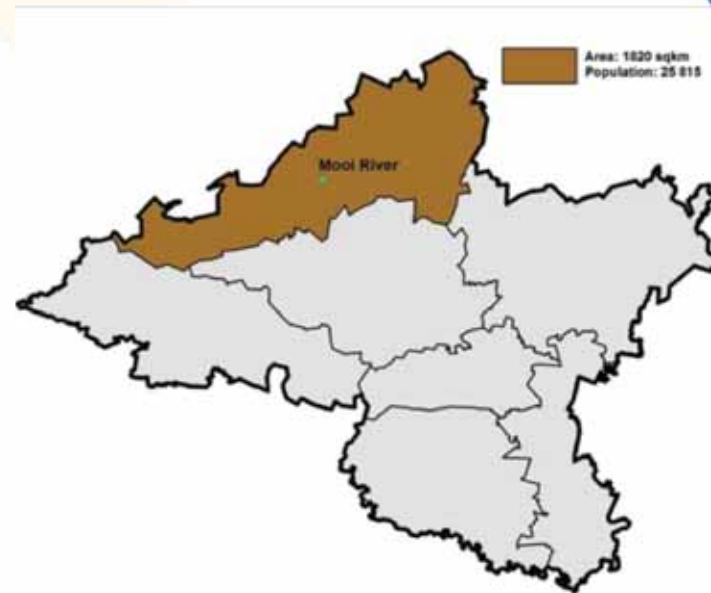


## KZ223: MPOFANA MUNICIPALITY

Mpoofana Municipality is set against the majestic Drakensberg Mountains, with the town of Mooi River as the administrative centre. Once the base of a vibrant textile industry, the future focus is on the manufacture of quality fabrics by small, medium and micro enterprises. Dairy farming is one of the drivers in the agricultural sector followed by crops such as maize, wheat, beans, peas and potatoes. Cattle and sheep are farmed extensively, and the area boasts some of South Africa's best racehorse stud farms. The construction of the Spring Grove Dam at Rosetta will transfer water to the Umgeni System and will result in downstream business and industrial opportunities.



*The Spring Grove Dam at Rosetta will transfer water to the Umgeni System and will result in downstream business and industrial opportunities*



*Mpoofana municipal area boasts some of South Africa's best racehorse stud farms*



## KZ224: IMPENDLE MUNICIPALITY

Impendle Local Municipality overlooks the majestic Drakensberg Mountain Range. The proclaimed World Heritage Site of the spectacular Drakensberg-Ukhahlamba Mountain Park highlights the potential for ecologically sustainable tourism enterprises, particularly those focused on indigenous rock art, the prolific bird life in the area and fly-fishing.

The Impendle area has been identified for a flagship renewable energy project. The development of a solar farm in the area will create jobs for local community members and attract much needed foreign direct investment. This will be the first time in South Africa that community members will own a portion of a renewable energy project.



The spectacular Drakensberg-Ukhahlamba Mountain Park



Birders come from far and wide to site the endangered Cape Parrot in the area



## KZ225: MSUNDUZI MUNICIPALITY



The Msunduzi Municipality is centred in the City of Pietermaritzburg. It is the Provincial Capital and the seat of the uMgungundlovu District Municipality. The area is ideally positioned for manufacturing, particularly aluminium, timber and leather products. Pietermaritzburg is acknowledged as a centre of academic excellence, including the University of KwaZulu-Natal and several of South Africa's top government and private schools.

Msunduzi is also host to international sporting events including the Comrades Marathon, Duzi Canoe Marathon, Midmar Mile, Mandela Day Marathon, amaShovashova and one leg of the Mountain Bike Downhill World Championships. The annual Royal Agricultural Show is one of the biggest of its kind and attracts exhibitors from all over South Africa and neighbouring states.



Left: The Capital of KwaZulu-Natal and the seat of the Provincial Legislature

Above: The City Hall (right) is one of the largest brick buildings in the Southern Hemisphere





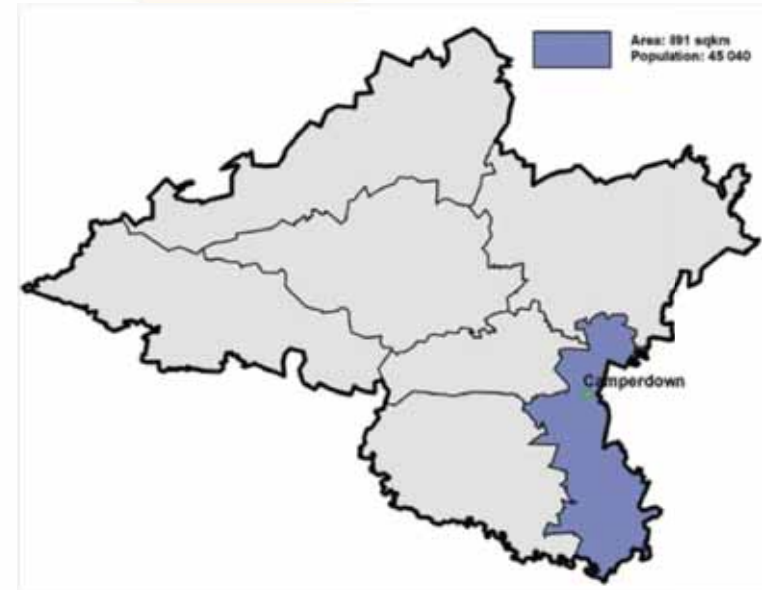
## KZ226: MKHAMBATHINI MUNICIPALITY

Mkhambathini Local Municipality is based in Camperdown, only thirty minutes from Durban with its international airport and Africa's busiest harbour. The N3 corridor runs through the Municipality, providing opportunities linked to the Provincial Corridor Development.

Agricultural production centres on vegetables, maize and sugar cane. The area also features the second highest concentration of poultry producers in the world, as well as pig and beef farming. Tourism attractions include Table Mountain (hiking and echo tourism), game reserves, country lodges, the Nagle Dam and the famous Valley of a Thousand Hills in the Umgeni Valley.



Second highest concentration of poultry producers in the world



The picturesque Umgeni Valley



## KZ227: RICHMOND MUNICIPALITY

Richmond Local Municipality is synonymous with timber and wood products. Investment opportunities for manufacturing are linked to timber and agricultural opportunities centred on dairy, citrus, vegetables, tea and coffee and sugar cane production.

Economically the Municipality is well situated on major routes to key development nodes of Durban and Pietermaritzburg and already has a number of manufacturing and production facilities in Richmond, some of these catering for the export market.

Historical buildings such as the court building and prison as well as the nearby Byrne Village and Bainsfield Estate are interesting tourism attractions. Adventure tourists are drawn to the Umkomaas River, regarded as one of the two best white water venues in Africa.



*White river rafting and Adventure tourism is popular on the Umkomaas river*



*Richmond is synonymous with timber and wood products*





## DEMOGRAPHIC INFORMATION

District and Local Municipalities	Area (km <sup>2</sup> )	No. of Wards	No. of households	Population (Census 2011)	Population (Census 2011)
uMgungundlovu	9 514.594	84	272 666	932 121	1 017 763
uMshwathi	1 818.022	13	28 124	108 422	106 374
uMngeni	1 566.823	12	30 490	73 896	92 710
Mpofana	1 820.201	4	10 452	36 832	38 103
Impendle	1 528.792	4	8 203	37 844	33 105
Msunduzi	634.084	37	163 993	552 837	618 536
Mkhambathini	890.919	7	14 964	59 067	63 142
Richmond	1 255.753	7	16 440	63 223	65 793



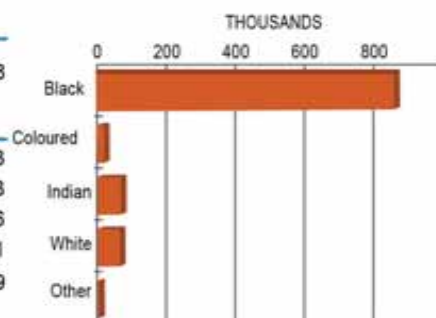
## FURTHER DEMOGRAPHIC INFORMATION

### Population

1 017 758

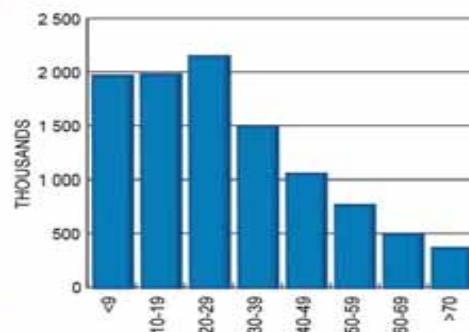
### Population group

Black	862 543
Coloured	20 533
Indian	68 026
White	63 931
Other	2 719



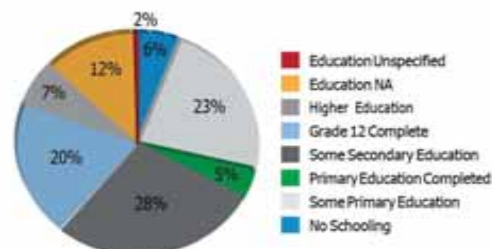
### Age (yearS)

<9	195 706
10-19	196 738
20-29	213 816
30-39	148 247
40-49	103 951
50-59	75 529
60-69	48 375
>70	35 394



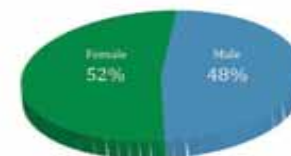
### Highest education

no Schooling	60 376
Some Primary Education	233 915
Primary Education Completed	46 523
Some Secondary Education	284 795
Grade 12 Complete	198 559
Higher Education	69 088
Education nA	122 605
Education Unspecified	1 904


Data source: Census 2011 results<sup>1</sup>

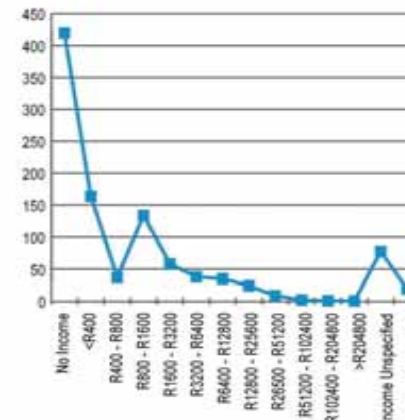
### Gender

Male	485 916
Female	531 843



### Individual monthly income

no Income	419 827
<R400	163 604
R400 - R800	36 760
R800 - R1 600	133 727
R1 600 - R3 200	57 979
R3 200 - R6 400	37 719
R6 400 - R12 800	34 865
R12 800 - R25 600	24 036
R25 600 - R51 200	8 940
R51 200 - R102 400	2 209
R102 400 - R204 800	1 001
>R204 800	723
Income Unspecified	77 154
Income nA	19 210



### Employment status

Employed	245 383
unemployed	107 345
Discouraged	44 223
not Active	278 610
Employment nA	342 199





## CHAPTER TWO

### PERFORMANCE HIGHLIGHTS

#### Mandela Day Marathon Goes from Strength to Strength

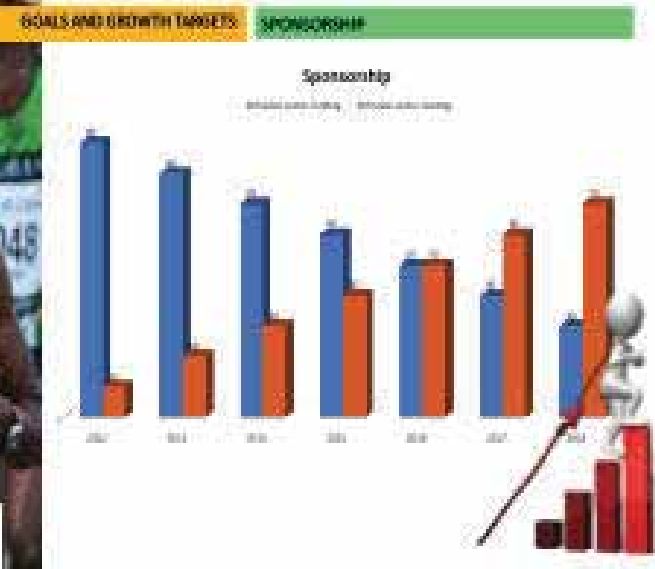
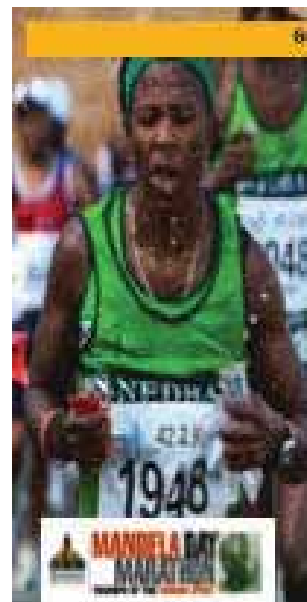
The Mandela Day Marathon continues to go from strength to strength with increasing sponsorships, increasing number of entries and an increasing economic impact in the uMgungundlovu District.

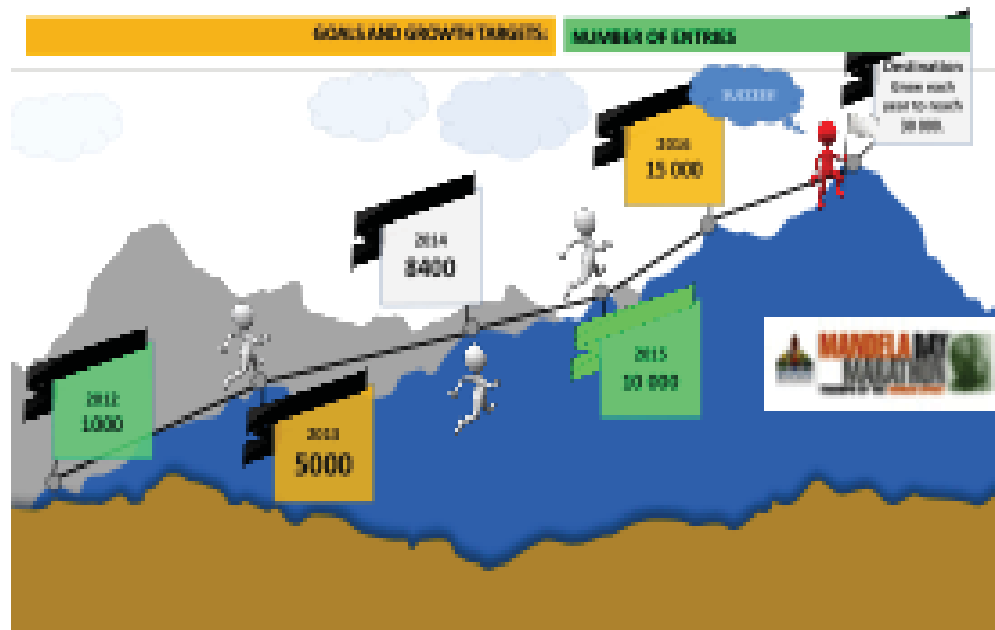
Nelson Rolihlahla Mandela was a struggle giant and an icon of global proportion who transcended all borders and appealed to everyone across all walks of life. His historical association with the uMDM contributed and shaped the democratic modern day South Africa that we live in today. This has made the District Municipality one of the critical nerve centres of the struggle against apartheid.

Nelson Mandela made his last speech at the Manaye Hall, the starting point of the Marathon, in 1961 and was arrested in Howick, the finish of the Marathon, in 1962 before his 27 years of incarceration.



**A NEW DAWN HAS ARRIVED  
IN SOUTH AFRICAN SPORT**





## Corporate Sponsorship

• Standard Bank	• R 300,000.00 Cash
• Post Office	• R 500,000.00 Cash
• Future Life	• R 250,000.00 Product
• Esigade	• R 500,000.00 Product
• Potlako SA	• R 50,000.00 Product
• Kyron Laboratories	• R 50,000.00 Product
• Umgeni Water	• R 80,000.00 Product
• Bahon's Car Dealership	• R 500,000.00 Product
• Winelands accommodation	• R 300,000.00 Product
• Midlands Mall	• R 200,000.00 Product
• Moses Mabhida Stadium	• R 50,000.00 Product
• Signa IT	• R 150,000.00 Product
• G-Power	• R 150,000.00 Product
• SAB	• R 50,000.00 Product





## DEDICATION AND HARD WORK RECOGNISED

At the annual KwaZulu-Natal Municipal Excellence Awards for 2013 arranged by the provincial Department of Cooperation and Traditional Affairs the uMDM received recognition for:

- a) Best Performing District Mayor (second consecutive year)
- b) Joint winner of the Best Community Project (Mandela Day Marathon)
- c) First runner-up for the Best Performing District Municipality



District Mayor Cllr YS Bhamjee (left) and Municipal Manager Mr TLS Khuzwayo were away on municipal business at the time of the awards ceremony. It was the second consecutive year that Mayor Bhamjee was voted the best District Mayor in the Province



Top: The Management Team receiving one of three awards made to the uMDM



Left: Deputy Mayor Cllr TR Zungu (right) receiving the award for best District Mayor on behalf of Mayor Bhamjee from MEC N Dube (left)

## LIBERATION HERITAGE ROUTE GATHERS MOMENTUM

The uMDM is in an advanced stage of establishing the uMgungundlovu Liberation Heritage Route that has been approved by the National Heritage Council. This project will contribute immensely towards tourism development in the District.

The objective of the Liberation Heritage Route is to identify, document, research, present and develop a series of liberation sites with localised, provincial and national significance. The sites that form a route present evidence of a common narrative, memory and experience associated with liberation history and struggle for emancipation against multiple excessive forms of oppression in South Africa. It amounts to the profiling of the liberation struggle for current and future generations.

Some of the sites included in the Route seek to attain World Heritage Status after development. The project will look at the pre-colonial period that is before 1820, the colonial period between 1820 – 1900, the early resistance from 1900 – 1960 and the liberation struggle movement between 1960 and 1994.

*This Old Prison has housed well known activists from colonial times to the period of the struggle against apartheid such as King Dinizulu in 1888, before being sent to St Helena and again in 1907 for his role in the Bambatha Rebellion.*

*Some of the others included Harry Gwala, Moses Mabida and Peter Brown.*



Fittingly, it was at the Old Prison that the District Mayor, Cllr YS Bhamjee committed support to this project that was subsequently adopted by the National Heritage Council



It was in Pietermaritzburg station that Mohandas Gandhi was forcibly removed from a First Class carriage in June 1893. This was the start of his politicisation and his Passive Resistance campaign. Look out for the Gandhi plaque at the Pietermaritzburg Station and his statue in Church Street. His jail cell is at the old prison that can also be visited.



The Manaye Hall and commemorative plaque in Imbali where Nelson Mandela made his last speech, the starting point of the Mandela Marathon, in 1961 and was arrested in Howick, the finish of the Marathon, in 1962 before his 27 years of incarceration.



## ELIMINATING SERVICE DELIVERY BACKLOGS AND CREATING JOBS

During the 2012 / 2013 financial year the uMDM made good progress in creating work opportunities by means of labour intensive technologies, while simultaneously building much needed water and sanitation infrastructure. At the same time an innovative approach was adopted to close service delivery backlogs in the field of water and sanitation in time to meet the millennium goals.

In order to eliminate water and sanitation backlogs by 2016 the uMDM needed to adopt a multi-disciplinary approach through applying financial management skills in the execution of national priorities of job creation and service delivery requirements while at the same time implementing the Extended Public Works Programme. A financial injection was required over and above the annual Municipal Infrastructure Grant (MIG) allocations in order speed-up the elimination of water and sanitation backlogs. This was achieved through a loan from the Development Bank of Southern Africa. Risk in servicing the loan was mitigated by servicing it with the MIG allocations. By following this approach the uMDM was able to drive the water and sanitation projects reflected on these pages throughout the District while creating much needed jobs in the local communities.

The communities were involved in determining the service delivery needs through the IDP engagements sessions. Communities were again involved through the budget imbizos and through the oversight process. Furthermore, a Project Steering Committee is established at the commencement of each project and local community members serve on these committees. At the conclusion of the project a Water Committee is established on which local community members also serve in order to oversee the sustainability of the scheme.

As can be seen from the above tables 6 065 jobs were created on the water infrastructure schemes and 721 were created on the sanitation schemes.

Through implementing these projects 91% of the people of the uMgungundlovu District now have access to potable water and 97% to basic levels of sanitation.

### Water Infrastructure Projects

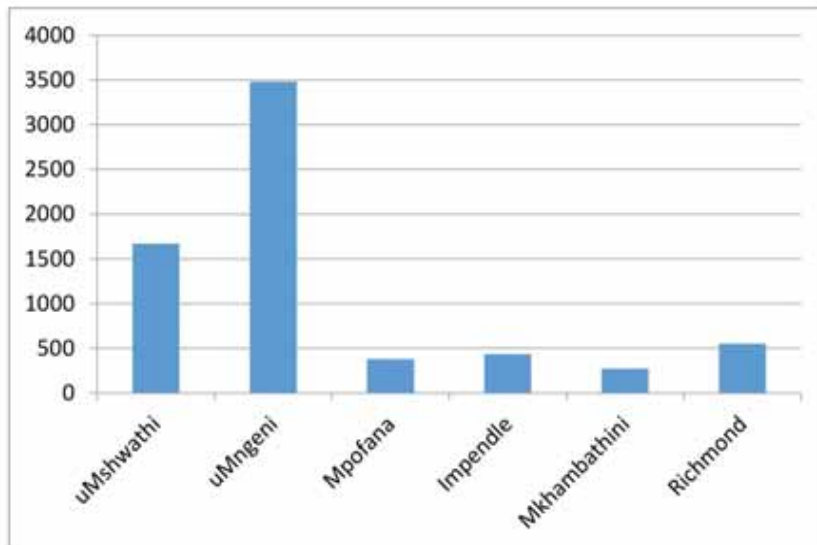
Municipality	No. of projects	Total project value	Population served	Household / Ervin served	Jobs created
uMshwathi	7	R250 886 455	443 605	65 453	1 610
uMngeni	9	R647 745 119	83 460	18 774	3 384
Mpofana	8	R636 470 850	16 765	3048	200
Impendle	12	R336 869 511	149 092	4 732	211
Mkhambathini	12	R370 609 744	80 627	10 431	215
Richmond	17	R386 976 136	36 342	4831	445
<b>Total</b>	<b>65</b>	<b>R2 629 557 815</b>	<b>809 891</b>	<b>107 269</b>	<b>6 065</b>



A water strike while drilling for water in a rural area

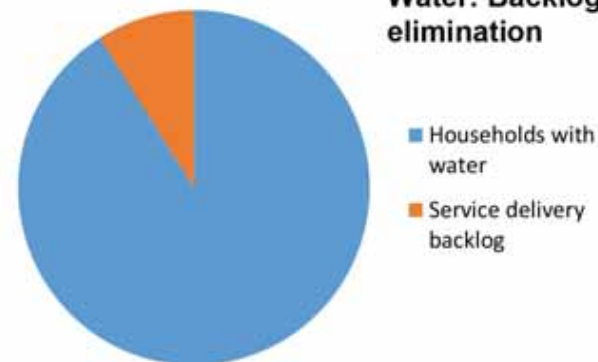
### Sanitation Projects

Municipality	No. of projects	Total project value	Population served	Household / Ervin served	Jobs created
uMshwathi	4	R87 535 239	25 135	5720	60
uMngeni	5	R258 751 188	66 383	13 638	97
Mpofana	3	R32 373 269	48 560	11 536	177
Impendle	4	R39 311 357	43 040	5 784	224
Mkhambathini	2	R73 260 442	9 000	1 500	56
Richmond	4	R52 788 908	7 879	984	107
<b>Total</b>	<b>22</b>	<b>R544 020 403</b>	<b>199 996</b>	<b>39 162</b>	<b>721</b>

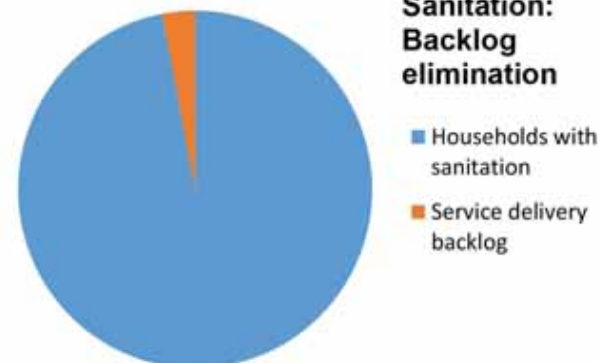


Jobs created at the Local Municipalities through the uMDM's water and sanitation infrastructure projects

### Water: Backlog elimination



### Sanitation: Backlog elimination



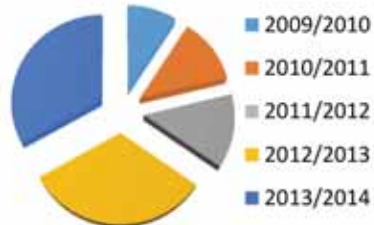
The above graphs depict water and sanitation backlogs with 91% of the people of the uMgungundlovu District Municipality having access to water and 96% to sanitation



## FINANCIAL VIABILITY AND AUDIT RESULTS

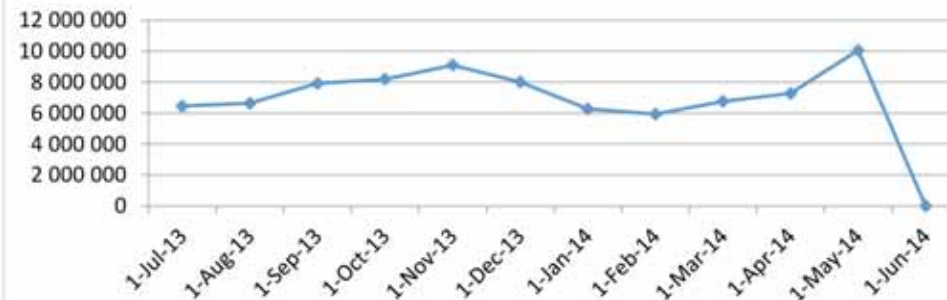
Revenue collected from the sale of water continues to increase each year as can be seen from the graphs on this page. In June 2014 the percentage collection peaked at 87% with the average monthly collection rate for the year being 57.5%. In September 2013 a significant additional number of water consumers were billed and that accounts for the relatively low collection rate of 21% during that month. The Debt Collection Policy is now being implemented and this is having a positive effect on the collection rate.

### Annual increase in the collection rate

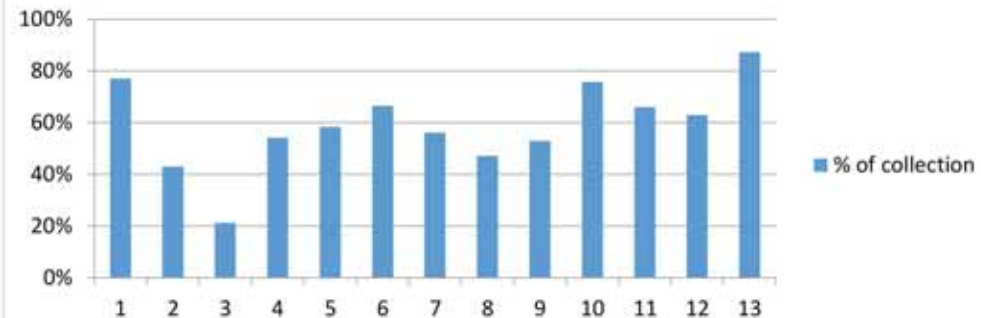


AUDIT RESULTS	
2007/2008	Unqualified
2008/2009	Unqualified
2009/2010	Unqualified
2010/2011	Unqualified
2011/2012	Unqualified
2012/2013	Unqualified
2013/2014	Unqualified

### WATER RECEIPTS - JULY 2013 - JUNE 2014 AMOUNT COLLECTED



### % of collection



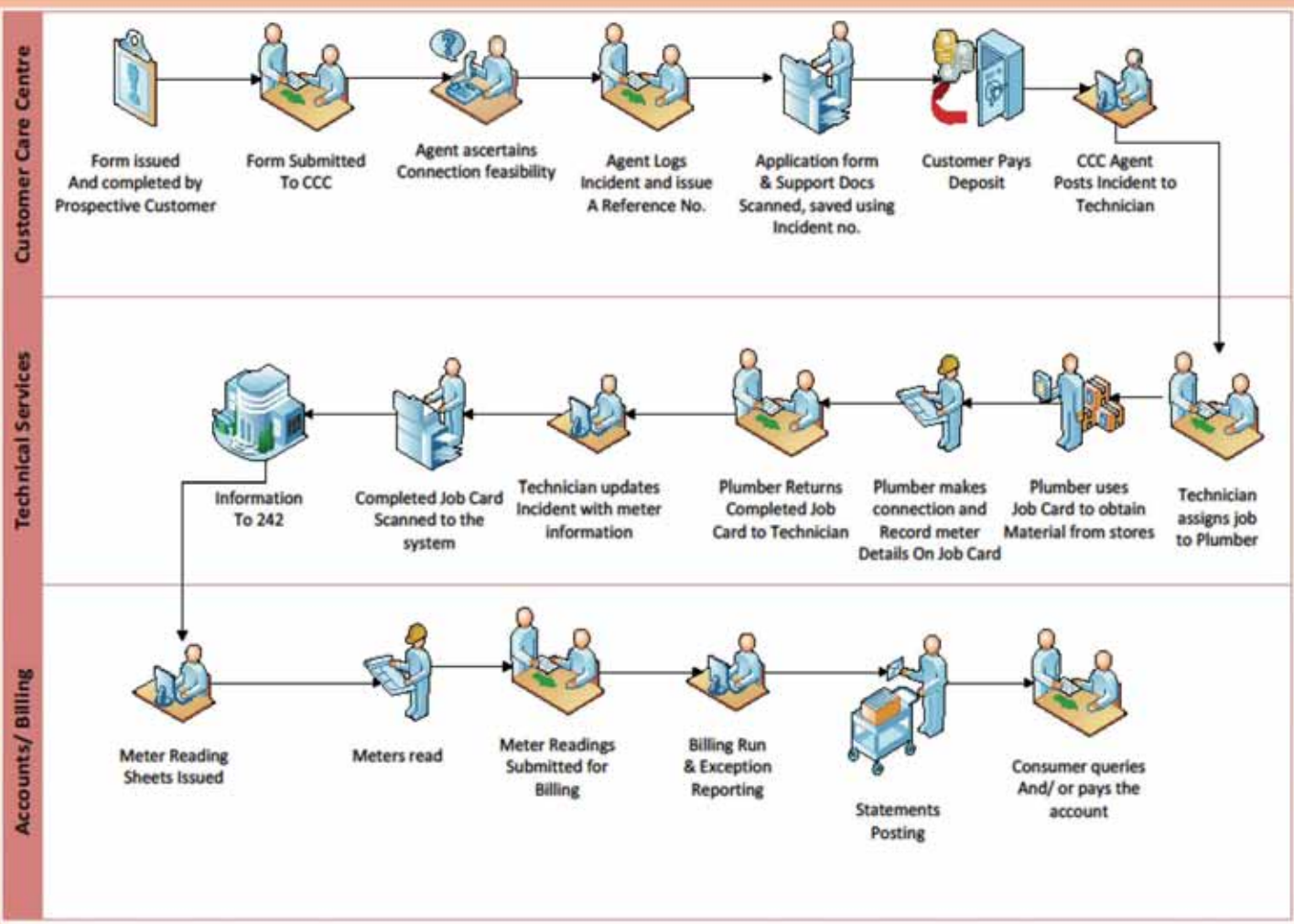
## IMPLEMENTING BATHO PELE IN THE WORKPLACE

The work flow chart depicted on this page was developed by a multi-disciplinary Task Team. It is displayed at Customer Care Centres (CCCs) so that Customers can gain an understanding of the process that is followed in processing their applications or reported incidents.

The flow chart also facilitates the process of following-up on progress in processing applications and / or resolving ported incidents.

Communication is also being improved with a set of suggestion boxes that have been placed in all CCCs, one for complements, one for suggested improvements and one for complaints.

This has resulted from work conducted by a multi-disciplinary Task Team that is focusing on streamlining delivery to Customers.





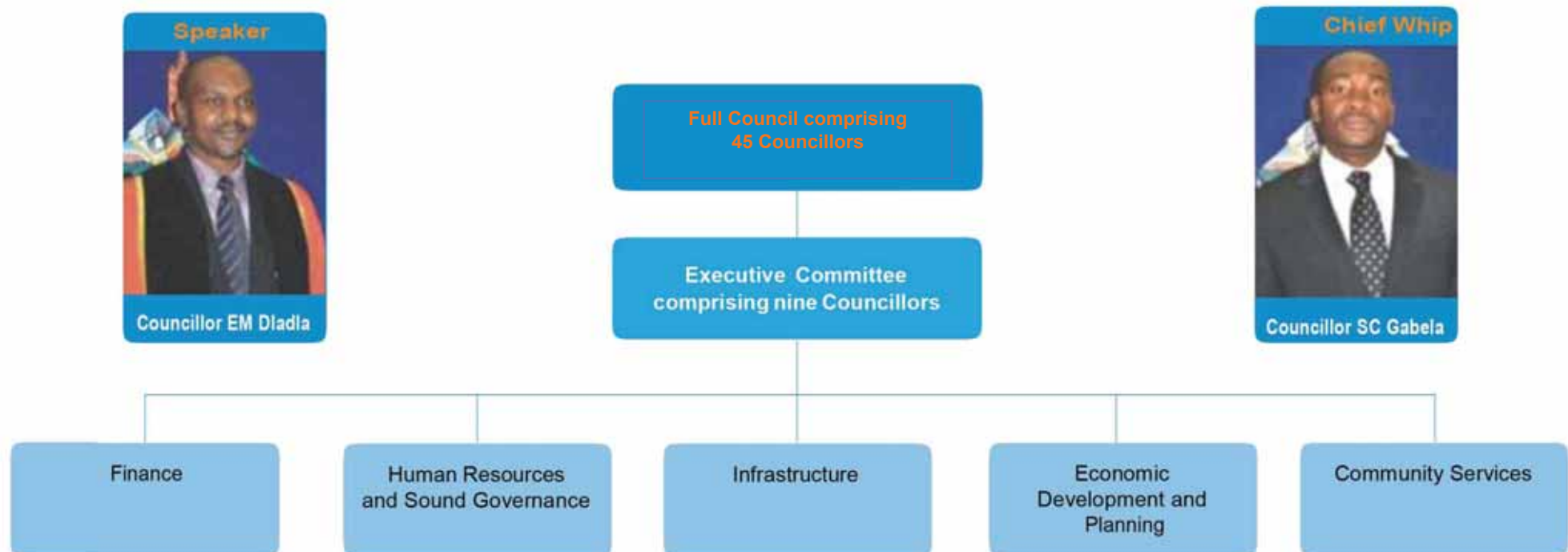
## CHAPTER THREE

### Organisational Arrangements and Human Resource Development

#### Political structures

The institutional framework that was in place during the year under review is reflected below.

In terms of Chapter 3 and Chapter 4 of the Municipal Structures Act (Act no. 117 of 1998) a Municipal Council led by the Honourable Speaker has been established and is supported by the Executive Committee which is led by His Worship the Mayor. The Municipal Council established five Portfolio Committees, each with its own terms of reference. Each Portfolio Committee is chaired by an Executive Committee Councillor and the Committees assist the Council in performing its functions.



## Executive Committee



Cllr YS Bhamjee  
His Worship the Mayor



Cllr TR Zungu  
Deputy Mayor



Cllr SE Mkhize



Cllr BA Mchunu



Cllr S Majola



Cllr ME Madlala



Cllr EZ Ntombela



Cllr FN Mbatha



Cllr RP Aashe



## Councillors



Cllr MS Bond  
Finance



Cllr C Bradley  
Economic Development  
and Planning



Cllr D Buthelezi  
Economic Development  
and Planning



Cllr G Dladla  
Human Resources and  
Sound Governance



Cllr NV Duze  
Economic Development  
and Planning



Cllr MJ Grueneberg  
Community Services



Cllr TA Gwala  
Community Services



Cllr CD Gwala  
Economic Development  
and Planning



Cllr NH Hlope  
Community Services



Cllr PV Jaca  
Infrastructure



Cllr NS Mkhize  
Community Services



Cllr N  
Maphumulo  
Infrastructure



Cllr M Maphumulo  
Human Resources and Sound  
Governance



Cllr GS Maseko  
Economic Development  
and Planning



Cllr BI Mncwabe  
Infrastructure



Cllr S Mbatha-Ntuli  
Infrastructure



Cllr SA Mkhize  
Human Resources and Sound  
Governance



Cllr NC Mabhidla  
Economic  
Development and  
Planning



Cllr PW Moon  
Human Resources and  
Sound Governance



Cllr P Moonsamy  
Human Resources and  
Sound Governance



Cllr PN Msimang  
Finance



Cllr DA Ndlela  
Finance



Cllr MD Ndlovu  
Infrastructure



Cllr KM Ngcobo  
Economic Development  
and Planning



Cllr P Ngidi  
Finance



Cllr BC Nhlabathi  
Finance



Cllr SJ Shabalala  
Finance



Cllr B Shozi  
Community Services



Cllr MA Tarr  
Economic  
Development and  
Planning



Cllr LN Sikhakhane  
Community Services



Cllr NL Zungu  
Economic  
Development and  
Planning



Cllr SM Makaya  
Human Resources and  
Sound Governance



Cllr BE Zuma  
Infrastructure

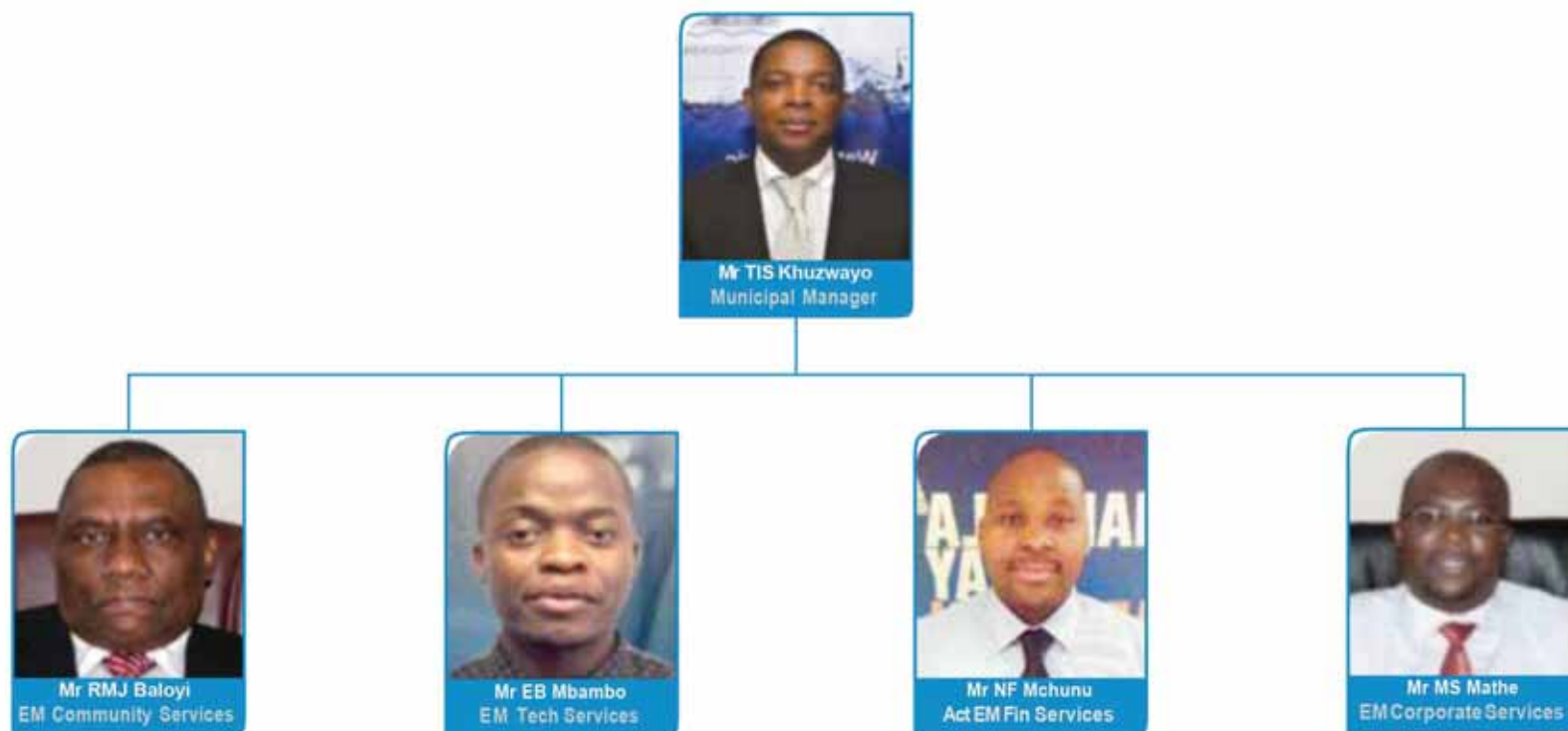


The Composition of the Portfolio Committees are as follows:

Finance	Human Resources and Sound Governance	Community Services	Infrastructure	Economic Development and Planning	Municipal Public Accounts
<b>Cllr yS bhamjee: Chairperson</b>	<b>Cllr SE Mkhize: Chairperson</b>	<b>Cllr BA Mchunu: Chairperson</b>	<b>Cllr TR Zungu: Chairperson</b>	<b>Cllr FN Mbatha: Chairperson</b>	<b>Cllr PW Moon: Chairperson</b>
Cllr MS Bond	Cllr G Dladla	Cllr D Buthelezi	Cllr PV Jaca	Cllr NC Mabhida	Cllr MS Bond
Cllr NV Duze	Cllr S Makhaye	Cllr TA Gwala	Cllr SM Mbatha-Ntuli	Cllr D Buthelezi	Cllr D Buthelezi
Cllr PN Msimang	Cllr M Maphumulo	Cllr NH Hlophe	Cllr CD Gwala	Cllr GS Maseko	Cllr NV Duze
Cllr D Ndlela	Cllr SA Mkhize	Cllr B Shozi	Cllr C Bradley	Cllr MA Tarr	Cllr MJ Grueneberg
Cllr P Ngidi	Cllr P Moonsamy	Cllr STJ Ndlovu	Cllr D Ndlovu	Cllr NJ Zungu	Cllr SJJ Ndlovu
Cllr B Nhlabathi	Cllr PW Moon	Cllr MJ Grueneberg	Cllr BE Zuma	Cllr KM Ngcobo	Cllr NH Hlope
Cllr J Shabalala	Cllr MD Ndlovu	Cllr LN Sikhakhane	Cllr N Maphumulo	Cllr C Bradley	Cllr M Maphumlo
		Cllr LP Chiya-Mchunu	Cllr BI Mncwabe	Cllr CD Gwala	Cllr PN Msimang

## Administrative structure

The high level organisational structure of the District comprises the following:



As can be seen, the Management Committee of the uMgungundlovu District Municipality consists of Municipal Manager TLS Khuzwayo (Chairperson) and the Heads of Department with the designations of Executive Manager. This Committee convenes weekly to deliberate on matters of strategic importance and to monitor and evaluate progress being made with the achievement of development priorities of the District Municipality. Where necessary, collective decisions are taken to address challenges that impact negatively on the completion of projects and programmes. Executive Managers are in turn the Chairpersons of their respective Departmental Management Committees that also convene on a regular basis.



## FUNCTIONS ASSIGNED TO DEPARTMENTS

No.	Functions
<b>1. Office of the Municipal Manager</b>	
1.1	Water Services Authority
1.2	Internal Audit
1.3	Mayoral support via the Mayor's Parlour
1.4	Integrated Development Planning
1.5	Performance Management
1.6	Intergovernmental Relations
1.7	Communications
1.8	Information and Communications Technology
<b>2. Department of Technical Services</b>	
2.1	Infrastructure Planning and Development
2.1.1	Water and Sanitation Provision
2.1.2	Solid Waste Management and Cemeteries and Crematoria
2.1.3	Municipal Infrastructure Grant (MIG) Funding
2.1.4	Technical Support
2.2	Infrastructure Operations and Maintenance
2.2.1	Mkhambathini
2.2.2	Richmond
2.2.3	Mpofana
2.2.4	uMshwathi
2.2.5	uMngeni
2.2.6	Impendle

No.	Functions
<b>3. department of Community Services</b>	
3.1	Economic Development and Tourism
3.1.1	Local Economic Development
3.1.2	Tourism Development
3.2	Emergency Services
3.2.1	Disaster Management Services
3.2.2	Fire and Emergency Services
3.3	Social Development Services
3.3.1	Environmental Health Services
3.3.2	Youth Development
3.3.3	Project Co-ordination
3.3.4	Call Centre
3.4	Development Planning
3.3.1	Development Planning
3.3.2	Environmental Planning
3.3.3	Geographic Information Services
<b>4. Department of Financial Services</b>	
4.1	Budgeting and Reporting
4.2	Expenditure Control
4.3	Income Control
4.4	Supply Chain Management
<b>5. Department of Corporate Services</b>	
5.1	Human Resource Management
5.2	Administration and Sound Governance

## SKILLS DEVELOPMENT

The following training interventions were implemented during the reporting period aimed at improving the skill levels of staff:

no.	Training interventions by the Skill Office within HR department
1.	Municipal Finance Management Programme
2.	Plumbing Level 2
3.	Water Process Control
4.	Adult Basic Education and Training (ABET) now known as AET
5.	
6.	
7.	
8.	
9.	
10.	
11.	

## POLICY DEVELOPMENT AND REVIEW

The following policies were developed/reviewed during the reporting period:

Succession Planning and Career Pathing Policy
Individual Performance Management Policy
Scarce Skills Policy
Reviewed Organisational Structure



## HUMAN RESOURCE STATISTICS

a) number of staff employed per organisational component and function:

Organisational component/function	No. of approved posts	No. of vacant posts	No. of filled posts
<b>Office of the Municipal Manager</b>			
• Mayor's Parlour	24	05	19
• Water Services Authority	05	04	01
• Internal Audit	01	0	01
• Performance Management	02	01	01
• Legal Services and Policy Development	01	0	01
<b>Department of Community Services</b>			
• Disaster Management	22	0	22
• Fire and Emergency Services	115	13	97
• Environmental Health	10	0	16
• Local Economic Development	04	0	04
• Tourism Development	03	0	03
• Town and Regional Planning	05	01	04
• Geographic Information Services	02	0	02
• Special Projects	04	02	02
<b>Department of Technical Services</b>			
• Infrastructure Planning and Development	18	03	17
• Infrastructure Operations and Maintenance	143	15	128
<b>Department of Financial Services</b>			
• Budgeting and Reporting	08	0	08
• Income Control	51	0	54
• Expenditure Control	06	0	06
• Supply Chain Management	12	0	12
<b>Department of Corporate Services</b>			
• Administration and Sound Governance	36	07	29
• Human Resource Management	08	01	07

## b) Personnel expenditure over the last three years:

Criteria	2011/2012	2012/2013	2013/2014
Personnel budget	R120 570 374	R147 080 000	R149 697 000

## c) Pension and medical aid scheme membership:

Employee Membership of Pension Schemes						
SALA	Natal Joint Municipal Pension Fund	Natal Joint Municipal Provident Fund	Natal Joint Municipal Retirement Fund	Government Employees Pension Fund	Total	
5	216	157	19	7	404	
Employee Membership of Medical Aid Schemes						
Key Health	SAMWUMED	LA Health	FED Health	BONITAS	Hosmed	Total
26	35	181	1	41	4	288

## d) Demographic profile of employees:

	African (no. & %)	Indians (no. & %)	Coloured (no. & %)	Whites (no. & %)	Total (no. & %)
Female	157/32.85%	11/2.30%	3/0.63%	3/0.63%	174/36.40%
Male	268/56.07%	24/5.02%	6/1.26%	6/1.26%	304/63.60%
Total	425/88.91%	35/7.32%	9/1.88%	9/1.88%	478/100%
Target	83%	8%	2%	7%	100%

## e) Skills development:

Number of bursaries and learnerships granted during the 2013/2014 financial year - XX bursaries; XX learnerships.



f) Disclosures concerning remuneration of political office bearers and Section 57 managers:

**Remuneration of Political Office Bearers & Section 54 and 56 employees, including the Chief Financial Officer 2013/2014**

	Mayor	D Mayor	Speaker	Whip	Cllrs	MM	CFO	EMs	Total
Normal	465,485	160,178	420,438	367,309	4,407,771	1,145,389	185,485	2,377,384	9,529,439
Travel Allowance	206,097	66,741	164,877	154,572	1,687,731	112,500	67,599	674,245	3,134,362
Pension	118,813	40,045	74,195	65,272	703,954				1,002,279
Medical	33,992			31,136	164,849				229,977
Cellphone allowance	20,868		20,868	20,868	299,759				362,363
Housing Subsidy							1,434	5,736	7 170
Subsistence	12,987					12,987	9,552	2,787	38 313
Personal Facilities							2,819	16,854	19 673
Long Service								11,435	11 435
Acting Allowance						62 040	87,739	51,050	200 829
Bonus							312,185		312 185
Leave Pay							185,485	2,377,384	
<b>TOTAL</b>	<b>858 242</b>	<b>266 964</b>	<b>680 378</b>	<b>639 157</b>	<b>7 264 064</b>	<b>1 332 916</b>	<b>666 814</b>	<b>3 139 491</b>	<b>14 848 025</b>



## CHAPTER FOUR

### Service Delivery Report

#### Actual deliverables against planned deliverables

All business units made inputs into the IDP and communities were consulted on these inputs through the IDP structures. The planned IDP deliverables were then incorporated into the Service Delivery and Budget Implementation Plans (SDBIPs), which serve as a contract between the Administration, Council and the communities expressing these deliverables as quantifiable outcomes, outputs and activities/inputs.

During the 2013/2014 financial year, all Managers reported actual performance against planned performance on a quarterly basis. Quarterly Performance Reports were submitted to Portfolio Committees, the Executive Committee and Full Council. This enabled Councillors to fulfil their oversight role. A Service Delivery Report for the reporting period is provided below and this is followed by a comparative analysis of performance per Business unit over the last two years.



## OFFICE OF THE MUNICIPAL MANAGER

## National Key Performance Area: Good Governance and Public Participation

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Target	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
OM M 1	To transform the UMDM into a performance driven organisation	OPMS reviewed and implemented	Date of submission of SOBIPs	30-Jun	N/A	N/A	N/A	N/A	N/A	N/A	30-Jun	27-Jun	27-Jun	R650 303	R995 261	No variance	None required	30-Jun	30-Jun
OM M 2			No. of Municipal Performance Reports submitted	4	1	1	1	1	1	1	1	4	4			No variance	None required	4	4
OM M 3		IPMS Iro Section 56 / 57 Managers reviewed and implemented	No. of Performance agreements signed	5	5	5	0	N/A	0	N/A	N/A	N/A	5			No variance	None required	5	5
OM M 4			No. of Section 56 / 57 employee appraisals conducted	5	0	N/A	0	N/A	5	2	N/A	N/A	5			No variance	None required	5	5
OM M 5		Annual Report developed and adopted	No. of Reports	1	0	N/A	0	N/A	1	1	N/A	N/A	1			No variance	None required	1	1
OM M 6		Oversight Process facilitated and adopted	No. of Reports	1	0	N/A	0	N/A	1	1	N/A	N/A	1			No variance	None required	1	1
OM M 7		Mayor's Service Excellence Awards Ceremony held	Date of Ceremony	15-Dec	0	N/A	15-Dec	Not achieved	0	6 May 2014	0	N/A	6 May 2014			The Ceremony was postponed due to period of mourning for the late ex-President Mandela	None required	15 Dec	15 Dec
OM M 8	To facilitate and coordinate the compilation or annual review of the IDP	IDP-Budget-OPMS aligned Framework-Process Plan approved	Date of adoption	30-Sept	30-Sept	Achieved	N/A	N/A	N/A	N/A	N/A	30-Sept		R1 628 990	R1 466 186	N/A	N/A	Not included	30-Sept
OM M 9		A credible IDP reviewed	Date of adoption of Draft IDP	31-Mar		N/A	N/A	N/A	31-Mar	Achieved	N/A	31-Mar				N/A	N/A	31-Mar	31-Mar
OM M 10			Date of adoption of final IDP	30-Jun		N/A	N/A	N/A	N/A	N/A	30-Jun	27-Jun	30-Jun			No variance	None required	30-Jun	30-Jun
OM M 11		Report of each Phase completed	No. of phases in IDP development completed	5 phases or chapters	Phase 0 & 1 - Chapter 2	Not achieved	Phase 2 / Chapter 3	Achieved	Phase 4: Draft IDP (All chapters)	Achieved	Phase 5: Final Draft IDP or all Chapters	Same as OMM10 achieved on 27-Jun	5 phases or chapters			No variance	None required	Not included	5 phases or chapters

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Target	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
												ters as final							
OM M 12		Community / Public consultation sessions held	No. of Community / Public consultation meetings held	3		N/A	1	1	N/A	N/A	2	3	4			No variance (In Q4 Community imbizos were held in uMshwathi, Mkhambathini and Impende)	None required	Not included	3
OM M 13		Copies of the IDP disseminated	No. of copies printed and disseminated	2000		N/A	N/A	N/A	N/A	N/A	2000	1000	1000			It was decided to only disseminate 1000 with the view to printing more as required – 1000 proved to be sufficient	Planned for 1000 for 2014 / 2015	Not included	1000
OM M 14	To provide reasonable assurance on the adequacy and effectiveness of the systems of internal control	Approved Audit Plan implemented	Date of approval of Risk Based Annual Audit Plan by Audit Committee	31-Jul	31-Jul	26-Aug	N/A	N/A	N/A	N/A	N/A	N/A	26 Aug	R734 788	R1 866 542	The Risk Assessment workshop was conducted over 2 days in consultation with Provincial Treasury, due to time constraints (being 24 June and 8 July 2013). The final Report was received from Provincial Treasury on 19 July 2013, hence Annual Plan could not be approved prior to the completion of the Risk Assessment.	In future we will liaise with the Provincial Treasury to conduct the risk assessment early (at least in May)	30 Jun	11 Jul
OM M 15			No. of Audit Reports submitted	30	4	2	6	4	12	9	8	3				<ul style="list-style-type: none"> <li>ICT Audit was done in June, currently at reporting stage</li> <li>Fixed assets audit is at reporting stage</li> <li>Billing Audit at reporting stage</li> <li>Revenue Control audit was started in June, fieldwork underway</li> <li>Overtime Audit was started in June, fieldwork underway</li> <li>Auxiliary Audit was scheduled for June, has not been started due to backlog</li> </ul>	All challenges encountered are reported to the Audit Committee and Management Committee for intervention	19	100% completion of projects on Action Plan
OM M 16	To provide legal support to the organisation	Legal advice & litigation control instituted	% reduction of claims against uMDM,	100%	25%	N/A	50%	N/A	75%	N/A	100%	N/A	N/A	Nil	Nil	It is not possible to quantify how many claims will be made against the uMDM and calculate the % reduction	This indicator has been removed from the 2014 / 2015 IDP	Not included	Not included
OM M 17		Contract Management in collaboration with SCM Unit instituted	Date of approval of Contract Management Strategy	30-Jun	N/A	N/A	N/A	N/A	N/A		30 Jun	No achieved	Not achieved			Budget constraints prevented the achievement of this target	Has been budgeted for in the 2014 / 2015 financial year	Not included	31 Dec



IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Target	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned Improvement Interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
OM M 18		Debt Collection support to Revenue Unit instituted	Date instituted	30-Jun	N/A	N/A	N/A	N/A	N/A		30-Jun	30-Jun	30-Jun			No variance – the Debt Collection Policy is now being successfully implemented	None required	Not included	Not included
OM M 19		Labour Relations Law support provided	% of successful disputes resolved	100%	100%		100%	N/A	100%		100%	N/A	N/A			The definition of what constitutes a dispute is a challenge and it is not possible to pre-determine the number of disputes and how they will be resolved	This indicator has been removed from the 2014 / 2015 IDP	Not included	Not included
OM M 20	To ensure optimal utilization of the ICT Systems by all users in the DM	Fully functional and available network and ICT services.	% of logged calls resolved per day	100%	96%	95%	97%	96%	97%	96%	98%	96%	96%	R10 256 420	R6 238 140	Telecommunications services were down in 176 building due to cable theft.	An earth mat will be installed which will serve as a power surge arrestor.	1 hour turn around time per call out	100% of logged calls resolved
OM M 21			% up-time on all ICT Services achieved	98%	96%	96%	96%	95%	97%	95%	98%	83%	92%					100%	100% uptime
OM M 22		LAN Upgraded	Date of upgrade completed	31-Mar	N/A	N/A	N/A	N/A	31-Mar	Not achieved	N/A	N/A	Not achieved			Tender has not been awarded due to section 55.3A(x) of the UMDM SCM Policy as there was only one service provider that met all the bid requirements	MSP projects will now be implemented in phases in the new financial year.	Not included	Not included
OM M 23		Aligned ICT governance framework approved	Date of ICT governance framework approved	30-Jun	N/A	N/A	N/A	N/A	N/A	Not achieved	30-Jun	Not achieved	Not achieved			Tender has not been awarded due to section 55.3A(x) of the UMDM SCM Policy as there was only one service provider that met all the bid requirements	MSP projects will now be implemented in phases in the new financial year.	Not included	Not included
OM M 24		ICT DRP, BCP and backup strategies developed, tested and commissioned	Date of DRP and BCP reviewed, tested and commissioned	31-Mar	N/A	N/A	N/A	N/A	31-Mar	Not achieved	N/A	Not achieved	Not achieved			Tender has not been awarded due to section 55.3A(x) of the UMDM SCM Policy as there was only one service provider that met all the bid requirements	MSP projects will now be implemented in phases in the new financial year.	Not included	Not included
OM M 25		All ICT related AG queries addressed	% of AG queries addressed fully	100%	100%	50%	100%	30%	100%	40%	100%	40%	40%			Implementation of the MSP projects was aimed at addressing AG findings:  Development of the DRP, BCP and backup strategies  Development of the ICT Governance Framework  However the above critical findings have not yet been addressed due to the delay in the appointment of the service provider to develop and implement DRP, BCP and ICT	Already an action plan to address AG findings has been developed. We are currently sitting on 40% in terms of compliance	Not included	Not included

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Target	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
																Governance Framework. Already an action plan to address AG findings has been developed. We are 40% compliant			
OM M 26		GIS aligned Website on-line with all legislative requirements met.	% compliant website online	100%	100%	70%	100%	70%	100%	Not achieved	100%	Not Achieved	Not achieved			Tender has not been awarded due to section 55.3A(x) of the UMDM SCM Policy as there was only one service provider that met all the bid requirements	MSP projects will now be implemented in phases in the new financial year.	Not included	Not included
OM M 27		Share Portal and Intranet-SharePoint implemented	Date implemented	31 Mar	N/A	N/A	N/A	N/A	31 Mar	Not achieved	N/A	Not Achieved	Not achieved			Tender has not been awarded due to section 55.3A(x) of the UMDM SCM Policy as there was only one service provider that met all the bid requirements	MSP projects will now be implemented in phases in the new financial year.	Not included	SharePoint modules implemented by 31 Mar
OM M 28		WAN upgraded at Howick and Hilton Customer Care Centres	Date of completion of upgrade	31 Mar	N/A	N/A	N/A	N/A	31 Mar	Not achieved	N/A	Not Achieved	Not achieved			Tender has not been awarded due to section 55.3A(x) of the UMDM SCM Policy as there was only one service provider that met all the bid requirements	MSP projects will now be implemented in phases in the new financial year.	Not included	WAN Services extension / upgrade completed by 31 Mar
OM M 29		Automated PMS implemented	Date implemented	30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Not Achieved	Not achieved			Tender has not been awarded due to section 55.3A(x) of the UMDM SCM Policy as there was only one service provider that met all the bid requirements	MSP projects will now be implemented in phases in the new financial year.	Not included	Not included
OM M 30		UMGUNGUNDLOVU INFORMATION TECHNOLOGY EXCHANGE (U-DITX) - technology week	Date of the Event	1st Week of Sept	1st Week of Sept	22-25 Aug 2013	N/A	N/A	N/A	N/A	N/A	Achieved	Achieved			No variance	None required	Not included	Not included
OM M 31	Provide effective communication to all stakeholders of the UMDM	Communications Strategy developed and adopted	Date of completion of Communication Strategy	30-Jun	N/A	N/A	N/A	N/A	N/A	N/A	30-Jun	Not achieved	Not achieved	Nil	Nil	This was not budgeted for and EXCO has directed that a workshop in this regard needs to be held	Budget is available in the 2014 / 2015 financial year. EXCO will set a date for the workshop	Complete Communications Strategy by 30 Sep	30-Jun
OM M 32		Corporate Communication: Internal & External conducted	No. of external newsletters produced and disseminated	4	1	1	1	1	1	1	1	1	4			No variance	None required	4	4
OM M 33			No. of internal newsletters produced and disseminated	4	1	Nil	1	Nil	1	Nil	1	Nil	Nil			Service Provider commenced work in April 2014	Will be in a position to deliver an Internal newsletter each quarter in future	Not included	4



IOP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Target	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned Improvement Interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
OM M 34		Corporate Identity improved	Date of production of Corporate Identity Manual	31 May	N/A	N/A	N/A	N/A	31 May	N/A	N/A	N/A	Not achieved			Service Provider commenced work in April 2014	Will be in a position to deliver an internal newsletter each quarter in future	Not included	31 May
OM M 35		Events Calendar approved	Date approved	31 Jul	31 Jul	N/A	N/A	30 Nov	N/A	N/A	N/A	N/A	Achieved in Nov 2013			No variance, but in future this is going to be done every six months	None required	Not included	31 Jul
OM M 36		Stakeholder meetings held (Budget / IOP imbizos)	No. of stakeholder meetings held	4	1	N/A	1	N/A	1	N/A	1	3				Community imbizos were held in uMshwathi, Mkhambathini and Impendle and then terminated due to a shortage of funds	Sufficient funding has been provided for 2014 / 2015	Not included	4
OM M 37		Media Relations and Media Monitoring conducted	No. of meetings with media	4	1	Met as required	1	N/A	1	N/A	1	Convened as and when required	4 plus			No variance	None required	Not included	4
OM M 38	To provide access to sustainable quality drinking water and sanitation services	Households with access to basic (or higher) levels of water	No. of households	1000	250	37 projects in progress	250	37 projects in progress	250	37 projects in progress	250	37 projects in progress	8761 households	R2 248 613	R3 476 914	No variance	None required	1000	8 000
OM M 39		Households with access to free basic water	No. of households	At the time of writing the District Municipality did not have an Indigent Register, but this was receiving urgent attention.												N/A	N/A	No target	No target (Developing the Indigent Register)
OM M 40		Households with access to basic (or higher) levels of sanitation	No. of households	3500	875	875	875	875	875	875	875	900	3500			No variance	None required	2800	4203
OM M 41		Households with access to free basic sanitation	No. of households	At the time of writing the District Municipality did not have an Indigent Register, but this was receiving urgent attention.												N/A	N/A	No target	No target (Developing the Indigent Register)
OM M 42		WSA benchmarked against other DMs, Provincial and National	No. of reports submitted to DWA	1	N/A	N/A	1	N/A	N/A	N/A	N/A	N/A	50% achieved			A workshop was convened by DWA to determine relevant KPIs that will enable the benchmarking to take place. This process has not yet been finalized	Benchmarking will in future be done using the newly determined KPIs	Not included	1
OM M 43		Regulatory PMS implemented	No. of reports submitted to DWA	1	N/A	N/A	1	N/A	N/A	N/A	N/A	N/A	50% achieved			An assessment session was conducted in February 2014.	The results will be release by end of August 2014	Not included	1
OM M 44		Water Services Development Plan reviewed	Date of completion of review	31 Mar	N/A	N/A	N/A	N/A	31 Mar	N/A	N/A	N/A	Project has commenced			A Service Provider has been appointed by Provincial CoGTA for the review process	The completion of the review process will be completed in Q1 of 2014 / 2015	Not included	31 Mar

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Target	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
OM M 45		Project Steering Committees (PSCs) and Water Committees (WCs) for water and sanitation projects established	Date of completion of status quo analysis and Action Plan	31 Mar	N/A	N/A	N/A	N/A	31 Mar	Partially achieved	N/A	N/A	50% achieved			Project Steering Committees are established by Technical Services at the commencement of each infrastructure project.	WSA needs to establish Water Committees at the completion of each project in order to oversee the scheme	Not included	31 Mar
OM M 46		Water consumers and sanitation beneficiaries educated	Date of appointment of Service Provider to conduct training	30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	30 Jun	30 Jun			No variance – Invula Trust has been appointed	None required	Not included	30 Jun
OM M 47		Municipal policies aligned to WSA Bylaws	Date of completion of status quo analysis and Action Plan	30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Partially achieved	Partially achieved			The process commenced with the initial steps in developing and Indigent Register.	The finalization of the Indigent Register is now receiving urgent attention with the amalgamation of LM Indigent Registers into a district Indigent Register	Not included	30 Jun
OM M 48		Draft Indigent Register completed	Date of completion	30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Partially achieved	Partially achieved			Initial steps of advertising for water consumers to register as indigent had limited success – only 169 households registered.	The finalization of the Indigent Register is now receiving urgent attention with the amalgamation of LM Indigent Registers into a district Indigent Register	Not included	30 Jun
OM M 49	To champion research and development that will form basis for informed planning	Frontline Service Delivery Monitoring Report produced	Date of Report produced	30-Jun	N/A	N/A	N/A	N/A	N/A	N/A	30-Jun	Not achieved	Not achieved	Nil	Nil	Manager was on extended sick leave – no subordinates	This Project is receiving urgent attention in the 2014 / 2015 financial year	Not included	30-Jun
OM M 50		Client Satisfaction/ QOL Report produced	Date of Report produced	31 Mar	N/A	N/A	N/A	N/A	31 Mar	N/A	N/A	30 Jun	30 Jun			No variance	None required	Not included	Not included
OM M 51		Profiling of boy child in the district conducted	Date of completion of Report	30 June	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Not achieved	Not achieved			Manager was on extended sick leave – no subordinates	This Project is receiving urgent attention in the 2014 / 2015 financial year	Not included	30-Jun
OM M 52		Memorandum of Understanding (MOU) signed with the UKZN, DED and DSO signed	Date of MOU signed	30 Sep	30 Sep	Not achieved	N/A	31 Dec	N/A	N/A	N/A	N/A	Achieved in Q2			Achieved three months late due to delays caused by other role players	None required	Not included	Not included



## DEPARTMENT OF TECHNICAL SERVICES

### National Key Performance Area: Basic Service Delivery and Infrastructure Development

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Target	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned Improvement Interventions Actual	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
PROJECT PHASES FOR PROJECTS IN TECHNICAL SERVICES																			
1. Appointment service provider for feasibility study and business plan tender stage 7. Award of contract 8. Project Implementation as per Project Plan / GANTT Chart 9. Project Completion 10. Project handed over to O&M																			
1. Approval of project business plan and registration with MIG 4. Project preliminary design 5. Project detailed design 6. Project																			
Tech 1	To improve access to basic levels of water	uMshwathi: Lindokuhle& Mpohweni Water Supply	No. of project phases completed	1 phase: 9	8	5	8	5	8	5	8	5	5	54,595,264.00	4,271,098.73	Because of alignment of this project with that of uMshwathi Bulk, numerous liaisons have been held with the consultant to ensure no duplication of work.	Consultant to try and fast track design.	8	8
Tech 2		Impendle: Nhlambamasoka, Nhlathimbe& Khathikhathi	No. of project phases completed	1 phase: 9	9	6	9	6	9	6	9	6	6	29,836,244.00	1,592,824.18	This project falls under the Impendle Bulk project. The project is ready to go out to tender – however the ROD for EIA has not been received, hence delays in advertising and implementation thereof.	Environmental consultant to try and speed up receipt of the ROD – however DAEA have indicated they are short staffed. Project cannot be implemented without receipt of the EIA.	8	8
Tech 3		Impendle: Nkangala / Glen project	No. of project phases completed	3phase : 8-10	8	6	8	6	9	6	10	6	6	R7 000 000	208,612.31	This project falls under the Impendle Bulk project. The project is ready to go out to tender – however the ROD for EIA has not been received, hence delays in advertising and implementation thereof.	Environmental consultant to try and speed up receipt of the ROD – however DAEA have indicated they are short staffed. Project cannot be implemented without receipt of the EIA.	8	8
Tech 4		Impendle: Smilobha, Ntokozweni& Fik esuthu Water Project	No. of project phases completed	3 phases: 8-10	8	8	8	8	9	9	10	9	9	27,791,465.00	18,245,841.93	There was a VO which was done for additional scope of work, hence delay in completion of project. However the pace at which the contractor is working to complete the works is slow.	Contractor to accelerate program to complete the project, which is already way behind.	8	10
Tech 5		Impendle:Kwa NovukaWater Supply Scheme 2	No. of project phases completed	1 phase: 9	9	8	9	8	9	8	9	9	9	27,070,796.30	20,868,279.13	No variance	None required	8	10
Tech 6		Impendle: LM Bulk Water Supply Project	No. of project phases completed	1 phase: 8	8	6	8	6	8	6	8	6	6	159,370,285.00	11,824,532.47	This project falls under the Impendle Bulk project. The project is ready to go out to tender – however the ROD for EIA has not been received, hence delays in advertising and implementation thereof.	Environmental consultant to try and speed up receipt of the ROD – however DAEA have indicated they are short staffed. Project cannot be implemented without receipt of the EIA.	8	8
Tech 7		Impendle: Engaga (Swampo) Phase 4 Water Supply	No. of project phases completed	3phase : 8-10	8	8	8	8	9	9	9	9	9	9,668,928.57	9,043,313.02	No Variance	None required	8	10

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Target	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions Actual	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
PROJECT PHASES FOR PROJECTS IN TECHNICAL SERVICES																			
1. Appointment service provider for feasibility study and business plan; 2. Completion of feasibility study; 3. Approval of project business plan and registration with MIG; 4. Project preliminary design; 5. Project detailed design; 6. Project tender stage; 7. Award of contract; 8. Project Implementation as per Project Plan / GANTT Chart; 9. Project Completion; 10. Project handed over to O&M																			
Tech 8		uMshwathi-Mpethu&Mthava Water Supply	No. of project phases completed	2phase s8&9	8	7	8	7	8	8	8	8	8	11,722,013.50	6,402,028.64	No Variance	None required	Not included	9
Tech 9		Richmond-Ephatheni project	No. of project phases completed	1 phase : 8	8	8	8	8	8	8	8	8	8	59,062,683.24	18,616,088.10	No variance	None required	8	8
Tech 10		Richmond-Gengehe Water	No. of project phases completed	1 phase : 8	8	2	8	2	8	2	8	5	5	799,419.26	799,419.26	The initial option of abstraction from the Ukomati river had to be changed due to high O&M costs.	Revised BP report to be submitted to UMMDM on 4 July 2014.	8	5
Tech 11		Mkhambathini: Greater Eston (Ukhakho)	No. of project phases completed	1 phase : 8	8	7	8	7	8	8	8	8	8	58,317,099.79	14,123,150.25	No variance	None required	10	8
Tech 12		uMngeni: Ithaza, KwaChieffMas hingeri Water Supply	No. of project phases completed	3 phases 6-8	6	6	7	6	8	5	8	6	6	23,019,830.00	1,860,765.04	Project should have been advertised, however there was an extension of scope of work which delayed the tendering processes	The consultant aims to go out to tender by July 2014.	8	8
Tech 13		Mpolana: Ebuhleni Water Project	No. of project phases completed	3 phases 8-10	8	8	8	8	8	8	9	9	9	3,401,580.20	2,708,344.27	No Variance	None required	8	10
Tech 14		Craigie Burn Bulk Water Supply	No. of project phases completed	2 phases 5&6	5	5	5	5	5	5	5	5	5	Nil	Nil	No variance	None required	7	5
Tech 15		uMshwathi Regional Bulk Supply	No. of project phases completed	1 phase: 3	3	3	3	4	3	5	6	6	6	7,685,898.00	4,722,662.25	No variance	None required	3	8
Tech 16		uMshwathi Slum Water	No. of project phases completed	1 phase: 3	3	4	3	4	3	4	4	4	4	66,098,402.00	2,943,543.75	No variance	None required	3	5
Tech 17		Dalton Cool-Air Water	No. of project phases completed	7 phases: 4-8	4	4	6	4	8	4	8	6	6	Nil	Nil	The project is ready to go out to tender, however the water scheme needs to be aligned to the DOHS housing scheme.	Consultation with DOHS as to when the construction of the low cost housing will commence	3	5
Tech 18		Hilton N3 Corridor Development	No. of project phases completed	1 phase: 3	3	5	3	6	3	7	7	7	7	51,515,030.00	5,443,103.20	No variance	None required	3	8
Tech 19		Cenlars Khanya Village Bulk Water	No. of project phases completed	1 phase: 3	3	4	3	5	3	5	5	5	5	17,281,987.00	1,770,660.77	No variance	None required	3	7



IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Target	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions Actual	Past and Future Targets	
					Targ et	Actu al	Targ et	Actu al	Targ et	Actu al	Targ et	Actu al						2012 / 2013	2014 / 2015
					PROJECT PHASES FOR PROJECTS IN TECHNICAL SERVICES														
1. Appointment service provider for feasibility study and business plan 2. Completion of feasibility study 3. Approval of project business plan and registration with M&G 4. Project preliminary design 5. Project detailed design 6. Project tender stage 7. Award of contract 8. Project implementation as per Project Plan / GANTT Chart 9. Project Completion 10. Project handed over to O&M																			
Tech 20		Mpolane: Muden Water Supply	No. of project phases completed	2 phases: 2&3	2	2	2	2	3	3	3	3		R1 549 500	170,771.50	No variance	None required	3	3
Tech 21		Richmond: Zwelethu Housing Development Bulk Water	No. of project phases completed	7 phases: 4-8	4	8	6	8	8	8	9	9		1,984,453.57	1,850,139.32	No variance	None required	3	10
Tech 22		Amanda's Hill Housing Development Bulk Water	No. of project phases completed	2 phases: 2&3	2	2	2	3	3	3	3	3		Nil	Nil	No variance	None required	3	3
Tech 23		St Bernards Housing Development Bulk Water	No. of project phases completed	2 phases: 2&3	2	2	2	3	3	3	3	3		Nil	Nil	No variance	None required	3	3
Tech 24		Enyaga, Entshayabantu Mackian Phase 5 Abstraction	No. of project phases completed	3 phases: 8-10	8	8	8	8	8	8	8	8		10,776,583.80	6,601,773.90	No variance	None required	8	10
Tech 25		Mkhambati: Maqongqo Phase 2	No. of project phases completed	1 phase: 8	8	8	8	8	8	8	8	8		53,899,424.25	28,226,610.28	No variance	None required	8	9
Tech 26		Mkhambati: Maqongqo Phase 3	No. of project phases completed	1 phase: 8	8	8	8	8	8	8	9	8		Budget included in Tech 25	Expenditure in Tech 25	Project should have been completed June 2014, but contractor experienced cash-flow problems, as a result project completion has been extended.	Contractor has provided a revised program to accelerate outstanding works and finish asap. Penalties to be imposed.	8	9
Tech 27		Mkhambati: Maqongqo Phase 4	No. of project phases completed	1 phase: 8	8	8	8	8	8	8	8	8		Budget included in Tech 25	Expenditure in Tech 25	No variance	None required	8	9
Tech 28		Howick AC Pipe Replacement	No. of project phases completed	3 phases: 4,5&6	4	4	4	4	5	7	7	7		155,817,998.78	8,935,365.72	No variance	None required	Not included	8
Tech 29		Merrivale AC Pipe replacement	No. of project phases completed	3 phases: 4,5&6	4	4	4	5	5	5	5	5		14,874,182.39	576,053.08	No variance	None required	Not included	6
Tech 30		Merrivale Heights AC Pipe Replacement	No. of project phases completed	3 phases: 4,5&6	4	4	4	5	5	5	5	5		19,771,994.32	764,659.44	No variance	None required	Not included	6
Tech 31		Hilton AC Pipe Replacement	No. of project phases completed	3 phases: 4,5&6	4	4	4	5	5	5	5	5		117,546,156.53	5,157,881.12	No variance	None required	Not included	6

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Target	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions Actual	Past and Future Targets	
					Targ et	Actu al	Targ et	Actu al	Targ et	Actu al	Targ et	Actu al						2012 / 2013	2014 / 2015
					PROJECT PHASES FOR PROJECTS IN TECHNICAL SERVICES														
1. Appointment service provider for feasibility study and business plan 2. Completion of feasibility study 3. Approval of project business plan and registration with MIG 4. Project preliminary design 5. Project detailed design 6. Project tender stage 7. Award of contract 8. Project Implementation as per Project Plan / GANTT Chart 9. Project Completion 10. Project handed over to D&M																			
Tech 32		Richmond AC Pipe Replacement	No. of project phases completed	3 phases: 4,5&6	4	4	4	5	5	5	6	5	5	77,910,639.00	5,110,498.27	There have been numerous changes wrt the design, and a meeting between all stakeholders, Umgeni Water, consultants and UMDM needs to be held.	Meeting with the different stakeholders need to be initiated asap to finalise the details.	Not included	6
Tech 33		Rosetta AC Pipe Replacement	No. of project phases completed	3 phases: 4,5&6	4	4	4	5	5	5	5	5	5	Nil	Nil	No Variance	None required	Not included	6
Tech 34		Mooli River AC Pipe Replacement	No. of project phases completed	3 phases: 4,5&6	4	4	4	5	5	5	5	5	5	44,795,155.09	1,856,773.18	No Variance	None required	Not included	8
Tech 35		Campersdown AC Replacement	No. of project phases completed	3 phases: 4,5&6	4	4	4	5	5	5	5	5	5	53,306,103.16	1,126,098.85	No variance, there have been challenges with the acquisition of the preferred piece of land for siting of the new reservoirs.	Communication with SANRAL to be fast tracked to try and acquire the land.	Not included	6
Tech 36		Wartburg AC Pipe Replacement	No. of project phases completed	3 phases: 4,5&6	4	4	4	5	5	5	5	5	5	29,684,379.36	755,731.23	No Variance	None required	Not included	6
Tech 37		Manzanyama Water Reticulation	No. of project phases completed	3 phases: 4,5&6	4	4	4	5	5	5	6	6	6	33,216,318.81	1,623,134.06	No Variance	None required	Not included	8
Tech 38		Manyavu Water Reticulation	No. of project phases completed	3 phases: 4,5&6	4	4	4	5	5	5	6	6	6	45,244,383.84	2,181,209.67	No Variance	None required	Not included	6
Tech 39		Nkanyezini Water Reticulation	No. of project phases completed	3 phases: 4,5&6	4	4	4	5	5	5	6	6	6	74,278,647.71	6,191,482.06	No Variance	None required	Not included	8
Tech 40		Construction of Reservoirs at Manyavu, Nkanyezini & Manzanyama	No. of project phases completed	3 phases: 4,5&6	4	4	4	5	5	5	6	6	6	Budget in Tech 39	Expenditure in Tech 39	No Variance	None required	Not included	6
Tech 41		Pumlas Water Reticulation	No. of project phases completed	3 phases: 4,5&6	4	4	4	5	5	5	5	5	5	26,757,949.80	1,477,584.99	No Variance	None required	Not included	6
Tech 42		Lions River Water Reticulation	No. of project phases completed	3 phases: 4,5&6	4	4	4	4	5	4	5	4	4	19,761,294.66	78,005.11	Numerous challenges were encountered wrt collation of data required at the inception stages.	To try and fast track collation of data and set up meeting with stakeholders	Not included	6



IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Target	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions Actual	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
<b>PROJECT PHASES FOR PROJECTS IN TECHNICAL SERVICES</b>																			
1. Appointment service provider for feasibility study and business plan    2. Completion of feasibility study    3. Approval of project business plan and registration with MIG    4. Project preliminary design    5. Project detailed design    6. Project tender stage    7. Award of contract    8. Project Implementation as per Project Plan / GANTT Chart    9. Project Completion    10. Project handed over to O&M																			
Tech 43		uMgeni: Burnam Wood Water Reticulation	No. of project phases completed	3 phases: 4,5&6	4	4	4	4	4	4	4	4	4	R1 268 356	Nil	No variance	None required	Not included	6
Tech 44		uMgeni: Asbestos pipe replace Hilton	No. of project phases completed	5 phases	1	4	2	5	3	5	5	5	5		See Tech 31 above - duplicated			N/A	N/A
Tech 45		uMgeni: Asbestos pipe replace Howick	No. of project phases completed	5 phases	1	4	2	6	3	7	7	7	7		See Tech 28 above - duplicated			N/A	N/A
Tech 46		uMgeni: Asbestos pipe replace Merriwale Heights	No. of project phases completed	5 phases	1	4	2	5	3	5	5	5	5		See Tech 30 above - duplicated			N/A	N/A
Tech 47		uMgeni: Asbestos pipe replace Merriwale	No. of project phases completed	5 phases	1	4	2	5	3	5	5	5	5		See Tech 29 above - duplicated			N/A	N/A
Tech 48	To improve access to basic levels of sanitation	uMgeni: Hlaza Sanitation project	No. of toilets completed	879	220		440	57	440	140	879	879	879	R12 650 141	12,675,588.00	No variance	None required	1000	87
Tech 49		uMgeni: Mpophomeni Waste Water Works	No. of project phases completed	7 phases: 2-8	3		6	5	7	5	8	6	6	R 154 000 000	8,972,972.91	Waiting for ROD to be finalized	Department of Agriculture and Environment is responsible for doing this process	5	8
Tech 50		Mpofane: Mudon VIP San project	No. of toilets completed	1800	1050		1800	0	1550	0	100	0	Nil	R2 760 540	15,542,690.00	Waiting for Department of Human Settlement to build 100 houses at Ebuhleni.	Liaise with Department of Human Settlement to fast track project	1000	100
Tech 51		Khayeliha Housing Project	No. of project phases completed	2 phases: 8&9	8		8	8	8	8	9	8	8	13,093,211.50	11,540,317.92	Waiting for Department of Human Settlement to implement houses.	Liaise with Department of Human Settlement to fast track project	8	10
Tech 52		Swayimane 11	No. of toilets completed	500	0		0	0	250	0	250	302	302	R2 887 719	978,209.38	Business plan Approved late	Business plan has been approved and the implementation is on progress	626	500
Tech 53		Richmond: Gengshe Sanitation	No. of toilets completed	500	0		0	128	250	86	86	86	300	R2 466 167	2,745,762.42	Business plan Approved late	Business plan has been approved and the implementation is on progress	500	444
Tech 54		uMshwathi: Mpofweni Sanitation	No. of toilets completed	500	0		0	220	250	250	500	1384	1384	R12 669 212	11,701,276.17	No variance	None required	500	221
Tech 55		uMshwathi Slump Bulk Sewer	No. of project phases completed	1 phase: 3	3		3	3	3	3	3	3	5	66,098,402.00	2,943,543.75	No variance	None required	3	3
Tech 56		Dulton & Cool-Air Bulk Sewer	No. of project phases completed	5 phases: 8	4		6	3	8	3	8	5	5	Nil	Nil	Waiting for Department to implement housing project	Liaise with Department of Human Settlement to fast track project	3	8

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Target	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions Actual	Past and Future Targets		
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015	
PROJECT PHASES FOR PROJECTS IN TECHNICAL SERVICES																				
1. Appointment service provider for feasibility study and business plan 2. Completion of feasibility study 3. Approval of project business plan and registration with MIG 4. Project preliminary design 5. Project detailed design 6. Project tender stage 7. Award of contract 8. Project implementation as per Project Plan / GANTT Chart 9. Project Completion 10. Project handed over to O&M																				
Tech 57		Mooi River Water Works Sewer	No. of project phases completed	2 phases 2-3	2		2	2	3	4	5	5		11,799,941.67	7,901,508.33	No variance	None required	3	7	
Tech 58		Impendie: Engaga, Entshiyabantu & Makhamsan VIP Sanitation project	No. of toilets completed	535	267		535	1544	0	0	0	0	1544	12,090,124.00	10,605,371.93	No variance	None required	1000	Project completed in 2013 / 2014	
Tech 59		Impendie: Simolobhale uMhlophe VIP Sanitation project	No. of toilets completed	714	714	714	0	0	0	0	0	0	714	15,065,396.00	13,174,099.20	No variance	None required	1000	Project completed in 2013 / 2014	
Tech 60		Mkhambathini Waste Water Works project	No. of project phases completed	2 phases 7&8	7		7	6	8	6	7	6	6	59,115,565.00	2,174,662.55	Waiting for finalization of transfer of this plant to Umgeni Water	Umgeni Water will implement the plant and uMOM will continue with the reticulation	8	8	
Tech 61		Richmond: Hopewell Ward 4 VIP Sanitation project	No. of toilets completed	1200	300		600	0	900	0	1200	754	754	15,239,430.00	5,698,994.08	Problem from the Community of Hopewell	Issue has been resolved	1200	1200	
Tech 62		Craigieburn	No. of project phases completed	2 phases 5&6	5		5	4	5	5	6	5	5	Nil	Nil	Consultant delayed to finalize project detailed design	Meeting has been called to resolve this issue	7	5	
Tech 63		Richmond Waste Water	No. of project phases completed	4 phases 3-6	3		4	6	5	6	6	6	6	21,055,880.00	3,645,833.15	No variance	None required	3	8	
Tech 64		Impendie Village WWTP	No. of project phases completed	3 phases 4-6	4		4	4	5	5	6	5	5	18,452,474.00	678,264.59	Consultant delayed to finalize project detailed design	Meeting has been called to resolve this issue.	3	5	



IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending: 30 Sep		Q2 ending: 31 Dec		Q3 ending: 31 Mar		Q4 ending: 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions Actual	Past and Future Targets		
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015	
<b>PROJECT PHASES FOR PROJECTS IN TECHNICAL SERVICES</b>																				
1. Appointment service provider for feasibility study and business plan 2. Completion of feasibility study 3. Approval of project business plan and registration with M0G 4. Project preliminary design 5. Project detailed design 6. Project tender stage 7. Award of contract 8. Project implementation as per Project Plan / GANTT Chart 9. Project Completion 10. Project handed over to O&M																				
Tech 65	To develop a long term regional waste disposal facility within the UMDM	New District Landfill Site commissioned	No of Project Phases Completed	Land Purchase Agreement approved EIA completed successfully Waste Management License obtained	Land Purchase Agreement approved and EIA starts	Mtg with DWA set by DWA for Feb 2014 No DWA approval – EIA cannot start and Land Purchase Agreement cannot be negotiate	13% of EIA completed	Not achieved	56% of EIA Completed	Not achieved	EIA approved with Waste Management License	Not achieved	Not achieved	Nil	Nil	EIA has not commenced due to negotiations with landowners on purchase price for preferred site has not commenced and been concluded.	The priority for quarter 4 was to rescue projects that are donor funded given the situation facing the unit responsible for this function. This project is not donor funded and has therefore not been prioritized for quarter 4 intervention. This project will be a priority for the first and second quarter of the 2014/15 financial year.	Start EIA process	Land Purchase Agreement approved  EIA completed  Waste Management License obtained	
Tech 66		Richmond Land Fill Site: Upgraded Landfill Site	No of Project Phases Completed	10	68.7	5	8	5	8	5	88/98.10	5	5			No budget was allocated for this project during the financial year despite appearing in the budget.	Submission has been made for funding to be made available for the upgrade in the new financial year	10	Complete upgrade of landfill site	
Tech 67		Mpotane Landfill Site: Compactor purchased	No of Project Phases	10	68.7	8	8	8	9	8	10	8	8			No budget has been allocated for this project during the financial year despite appearing in the budget	Submission has been made for funding to be made available for this project to be funded in new financial year	Not included	Not included	
Tech 68	To establish and operate a Material Recovery Facilities, Source Separation Systems and Support to Small Recyclers	MRFs Built Increasing Recyclable Materials Recovered and Sold at Better Prices Small Recyclers Market Share improved	No of Project Phases and Recycling Rate	10 and 40% Recycling Rate	8	5 Tender for trucks to support small recyclers advertised	8	5	98.10	8	98.10	8	8	Nil	Nil	The construction of the facility has been stopped due to the Muondusi LM breaching the co-operation agreement with the UMDM and signing an agreement to divert recyclables to another facility and thus rendering the project unviable.	Joint MANCO meetings have been held with Muondusi LM and one short meeting between HOD's responsible for this function at both Municipalities. No solution to the viability of the project has been found as Muondusi refuses to cancel the contract it was not allowed to legally enter into without breaching its agreement with UMDM.	Support Program developed and funded	MRF construction completed  Source separation systems established	

IPP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q3 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned Improvement Interventions Actual	Past and Future Targets	
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PROJECT PHASES FOR PROJECTS IN TECHNICAL SERVICES																			
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Tech 69	To establish a Biogas for	Biogas for Designed, Tendered and Built  Feedstock Secured	Funding Secured Feasibility Study Completed PPP Process underway Established EIA process complete Application for IPP license secured	Funding Secured Feasibility Study Complete PPP Process underway IPP REBDO ready for submission	Funding Secured	Not achieved	Feasibility Study on-going	Not achieved	Feasibility Study Completed  EIA process underway	Not achieved	PPP establishment process underway  EIA Process on-going  IPP REBDO application on prep	Not achieved	Not achieved	Nil	Nil	Feasibility Study on most promising area for an Anaerobic Digestion Project has been delayed as the Dutch government agency responsible for the project is still securing funds and is expected to provide feedback on funding in the first quarter of 2014/15 financial year	Requested Dutch Government give a progress report  Looking for national funding opportunities	Not included	Feasibility studies completed  Financing arrangements concluded  Regulations and Policy in place
Tech 70	To establish a Composting facility	Composting Facility Established	EIA obtained Waste Management License obtained  Funding Secured  Proposal Call undertaken for PPP PPP agreement	EIA obtained Waste Management License secured  Funding Secured for Capex  PPP agreement Construction begins for facility	EIA obtained Proposed Call for PPP	New Site Found, EIA to recommence	Waste Management License obtained  PPP appointed	Preliminary design completed	Funding Secured Tender for Construction of Facility ready	Preliminary design completed	Tender Awarded	Preliminary design completed	Preliminary design completed	Nil	Nil	Funding secured in February 2014 from DEA. DEA Implementing agent appointed in April 2014. Project planning meetings commenced in June 2014.  Environmental Consultants to be contracted by DEA implementing Agency in 1 <sup>st</sup> Quarter 2014/15 financial year  Engineering consultants to investigate and propose works that can be undertaken that can comply with the labour intensive standards for construction required by the funder by end July 2014.  Business Plan to be developed by 15 August 2014		Not included	Completed Composting facility and Partners appointed
Tech 71	To improve access to cemeteries	New Cemetery at Mool River established for the medium term	No of Project Phases	10	5 and Purchase Agreement Signed  Basic Assessment Commenced	No progress on both items due to strike actions and instability in Municipality	6&7	4	8	4	8&9&10	4	4	R1 000 000	R990 515	The unit does not have staff to provide intensive support to the Mpotana LM for this project to purchase land from private land owners.  The project was also affected by the strikes that the LM faced and the lack of a full time technical manager at the LM.	Project is a priority intervention for the 1 <sup>st</sup> Quarter of 2014/15 financial year once posts are filled as per approved organogram.	Not included	New Cemetery completed
Tech 72		A new cemetery at Richmond established for the medium term	No of Project Phases	10	5	No progress has been made	6&7	4	8	4	8&9&10	4	4			The unit does have the staff required to follow through on this project and obtain land from the Ingonyama Trust as the focus is on rescuing donor funded projects.	Project is a priority for 1 <sup>st</sup> Quarter of 2014/15 financial year once posts are approved as per approved organogram	1	New Cemetery completed



IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending: 30 Sep		Q2 ending: 31 Dec		Q3 ending: 31 Mar		Q4 ending: 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions Actual	Past and Future Targets		
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015	
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Tech 73	To implement a Climate Change Mitigation and Adaptation Strategy	Climate Change Response Strategy adopted	Completed phases: Climate Change Response Strategies and Plans	Climate Change Response Plan adopted	Consultants submit final strategy	Climate change strategy has been completed	Plan Adopted by Council	Preliminary design completed	Plan is communicated to citizens	Preliminary design completed	Climate Change Response Plan adopted	Not achieved	Preliminary design completed	Nil	Nil	The Adaptation Fund first stage approval has meant that the goals of this project have had to be amended with all parties preferring to announce project approval and plan in October 2014 once the project has been approved.	The unit has completed securing inputs from all stakeholders and project partners in order to complete the detailed project proposal that will be submitted for approval to the Global Adaptation Fund in August 2014.  The responsibility for the project has been transferred to Development Planning from May 2014 in order for the project to be managed by staff that have capacity, skills and knowledge to implement this type of programme.	Climate Change Response Strategy adopted by 30 Jun	Complete Year One goals of Project Plan	
Tech 74		Project Proposals and Fundraising Strategy implemented	Project Proposals submitted to funders	Secure Funding for Mitigation and Adaptation Projects	Submit proposals and secure partial funding	Preliminary design completed	Implement Projects and Submit Proposals for Support	Preliminary design completed	Implement Projects and Submit Proposals for Support	Preliminary design completed	Implement Projects and Submit Proposals for Support	Preliminary design completed	Preliminary design completed	Nil	Nil	Adaptation Fund has approved the project concept and given the UMDM the right to develop a detailed proposal to them by August 2014 which if approved will unlock 80,000,000 worth of funding for adaptation projects in the UMDM.	The unit has supported the completion of the detailed design proposal document.	Not included	Not included	
Tech 75	To promote a green environment	Imendle & uMshwathi Feasibility Studies Photovoltaic Solar from	No. of project phases completed	1	1	Nil	1	Nil	1	Nil	1	Nil	Nil	Nil	Nil	Full feasibility investigations to be carried out in 2 phases, 1 <sup>st</sup> phase to be completed end July 2014	1 <sup>st</sup> phase to be completed end July 2014	Not included	4	
Tech 76		Richmond Wind farm established	No. of project phases completed	1	1	Nil	1	Nil	1	Nil	1	Nil	Nil			Consultant for pre-feasibility investigations could not be sourced	Negotiations in progress for consultant to be appointed	Not included	4	
Tech 77	To maintain the district road network	Msunduzi Rehabilitation of District Road D1130 (AFA1) M5 165345	No. of project phases completed	10	8		8	8	8	8	9 & 10	8	8	R22 553 972	R45 387 196	The Contractor did not comply with certain environmental compliance issues that have caused a delay	Contractor busy addressing environmental compliance issues	4	10	

## DEPARTMENT OF COMMUNITY SERVICES

### National Key Performance Area (KPA): Social Development Services

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
Com 17	To promote gender equality and protect the human rights of Senior Citizens, Women, People with Disabilities and Children	Human rights of Women, promoted	No. of sessions held	4	1	0	1	1	1	0	0	0	1	Nil	Nil	Reports not approved at committee level for the planned programs in the last quarter	Events Steering Committee will assist in addressing this matter	2	4
Com 18		Healthy life styles for senior citizens promoted	No. of sessions held	4	1	2	1	4	1	1	0	1	8			No variance	None required	Not included	2
Com 19		Accessibility of public transport for people with disabilities improved	No. of interventions facilitated	2	1	2		1	1	1	0	0	4			No variance	None required	Not included	12
Com 20		Equity for people with disabilities promoted	No. of interventions facilitated	2		0	1	1	1	1	0	0	2			No variance	None required	Not included	12
Com 21		Child survival, development, protection and participation promoted	No. of interventions facilitated	2	1	0		2	1	0	0	1	3			No variance	None required	Not included	4
Com 22		Public awareness on the rights of women raised	No. of interventions facilitated	2		0	1	1	1	0	0	1	2			No variance	None required	Not included	4
Com 23		Gender advocacy and social mobilisation and nodal cross-cutting promoted	No. of sessions held	2	1	0	0	0	1	7	0	0	7			No variance	None required	2	1
Com 24		Implementation of legislation pertaining to older persons promoted	No. of sessions held	2	0	0	1	1	1	0	0	0	1			Event postponed to Q1 of 2014 / 2015	Will take place in Q1 of 2014 / 2015	Not included	1
Com 25		Gender institutionalisation strengthened	No. of sessions held	2	1	0	0	1	1	0	0	0	1			Event postponed to Q1 of 2014 / 2015	Will take place in Q1 of 2014 / 2015	2	1
Com 26		Pension points monitored for safety	No. on inspections carried out	2	0	0	1	2	1	0	0	0	2			No variance	None required	Not included	2



IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned Improvement Interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
Com 27	To promote sports and recreation throughout the District	Sport Federations in uMDM games supported	No. supported	15	15	15	N/A	N/A	N/A	N/A	N/A	N/A	15	R13 550 641	R6 887 429	No variance	None required	5	15
Com 28		Selected athletes for SALGA Games trained	Date of completion of training	01 Nov	N/A	N/A	01 Nov	31 Oct	N/A	N/A	N/A	N/A	31 Oct			No variance	None required	1 Nov	1 Nov
Com 29		Local sports associations promoted and established	No. of local sports associations supported	5	5	3	N/A	N/A	N/A	1	N/A	N/A	4			Could not set up the date with the outstanding association of Karate to be done in this quarter	Plan for the meeting in April 2014	5	7
Com 30	To promote arts and culture throughout the District	Arts and Culture Council launched	Date launched	31 Dec	N/A	N/A	31 Dec	7 Sept	N/A	N/A	N/A	N/A	7 Sep	R315 000	R260 619	No variance	None required	31 Dec	Not included
Com 31		Culture promoted through Irintombi (maiden) womhlango	Date of event	31 Dec	N/A	N/A	31 Dec	25 Jan	N/A	N/A	N/A	N/A	25 Jan			No variance	None required	Not included	31 Dec
Com 32		Transport for uMkhosi womhlango arranged	Date of uMkhosi womhlango	30 Sep	30 Sep	30 Sep	N/A	N/A	N/A	N/A	N/A	N/A	30 Sep			No variance	None required	Not included	30 Sep
Com 33		Development of Artists in the uMDM promoted	Date of event	31 Dec			31 Dec	2013	N/A	N/A	N/A	N/A	Dec 2013			No variance	None required	Not included	31 Dec
Com 34	To promote youth development in the District	Arts and culture competitions at local level revived	Date of completion of various arts competitions	30 Jun	N/A	N/A	N/A	N/A	N/A	January 2014	30 Jun	See Q3	Achieved in January			No variance	None required	30 Jun	30 Jun
Com 35		District Youth Forum established	Date established	31-Dec	N/A	N/A	31-Dec	4 Dec	N/A	N/A	N/A	N/A	4 Dec	Nil	Nil	No variance	None required	31 Dec	None required
Com 36		Capacitate the Youth Forum in dealing with youth matters	Date of workshop	31 Mar	N/A	N/A	N/A	N/A	31 Mar	29-30 Mar	N/A	N/A	29-30 Mar			No variance	None required	Not included	Not included
Com 37		Strategic planning session for the Youth Forum	Date of Strat Plan	31 Jan	N/A	N/A	N/A	N/A	31 Jan	29-30 Mar	N/A	N/A	29-30 Mar			No variance	None required	Not included	Not included
Com 38		Youth Awareness Campaign implemented	No. of events / initiatives implemented	25	6	3	9	1	3	1	N/A	N/A	5			Events on awareness campaigns were stopped at a Portfolio Committee level in favor of programs	Plan for programs developed and submitted to MANCO	25	7

IDP Ref No.	Strategic Objectives	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2013 / 2013	2014 / 2015
Com 39		Youth in poor households assisted in registering in tertiary schools	No. of households assisted	5	5	5	N/A	N/A	N/A	N/A	N/A	N/A	5			No variance - this was dealt with at the office of the HOD Community Services	Plan to have this done at Social Services level	Not included	7
Com 40	To protect and save life and property from fire and other threatening hazards and to render humanitarian aid	Effective handling of incidents by Fire Personnel	No. of fire fighters undergone specialized training	50	12	20	13	Nil	13	N6	12	Nil	20	R30 691 241	R25 569 034	Quotations were received from Service Providers, but there was insufficient budget for training in the current financial year	This training has been prioritized for the 2014 / 2015 financial year	50	60
Com 41		Availability of response vehicles in case of incident	No. of fire engines leased	2	0	Nil	0	Nil	1	Nil	1	2	2			No variance - two fire engines have been purchased	None required	2	
Com 42		Fire related incidents caused by Communities reduced	No. of presentations made at schools	60	15	18	15	Nil	15	33	15	11	62			No variance - the programme is interrupted by exams and school holidays	None required - the annual target of 60 was exceeded by two	60	60
Com 43		SANS 10090 achieved	Time from call to out of station	3 min	3 min	7	3 min	3min	3 min	3min	3min	3 min	3 min			No variance	The system currently in use by the Call Centre is unable to record times accurately. System is being upgraded	Not included	3 min
Com 44		Time from station to fire reduced	Time taken from station to fire	30 min	30 min	Nil	30 min	Not always achieved	30 min	Not always achieved	30 min	Not always achieved	Not always achieved			Shortage of fire engines and breakdowns are the cause of not always achieving the target	The two new fire engines will improve the situation	Not included	60 min
Com 45	To reduce the probability of disaster occurrence; to take effective action during disasters; to provide immediate response and recovery	Legal compliance with NDMP of 2005	No. of risk mapping sessions conducted	7	1	Nil	2	2	2	2		Nil	4	R6 751 608	R7 315 172	Capacity constraints as the Disaster Management Practitioner did not have transport at times and was involved in the Climate Change Project	Tools of trade including a vehicle for the Disaster Management Practitioner is being acquired and a GIS device has to be made available for this purpose	Not included	47
Com 46		Safety at schools promoted	No. of safety sessions conducted at schools	40	10	Nil	10	10	10	15		15	40			No variance	None required	Not included	Not included
Com 47		Social crime prevention workshops conducted	No. of workshops conducted	7	1	1	2	2	2	2	2	Nil	5			Combined with Com 49 - Community education and awareness sessions	In future this indicator will be combined with Com 48	Not included	Not included
Com 48		Awareness Campaign of communicable diseases conducted	No. of exhibitions coordinated with strategic partners	7	1	Nil	2	1	2	4		2	7			No variance	None required	Not included	Not included
Com 49		Community education and awareness on hazards rolled out	No. of community communications conducted	4	1	Nil	1	1	1	1	1	1	3			In Q1 there was a delay with the translation of pamphlets by the Department of Arts and Culture	This has since been resolved	2	3



IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
Com 50		Response to disaster through ICMS(software)	Time taken to respond	72 hrs	72 hrs	Can't record actual time taken	72 hrs	Can't record actual time taken	72 hrs	Can't record actual time taken	72 hrs	Can't record actual time taken	Can't record actual time taken			Software is required to record time taken. Disaster Management was dependent on ICT to install the required software. ICT was not able to achieve this.	This will be prioritised in the next financial year.	72 hrs	72 hrs

## National Key Performance Area (KPA): Economic Development Services

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned Improvement Interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
Com 51	To create a conducive environment for: - Rural development; and - Local economic development	Economic Council established	Date of establishment	30-Jun	N/A	N/A	N/A	N/A	N/A	N/A	30-Jun	30-Jun	30 Jun	R2 897 153	R5 944 007	No variance (The Business Development Forum has been established)	None required, but full participation by the private sector will be beneficial	30 Jun	Not included
Com 52		uMDM Business Expo organised	Date of the Expo	31 Mar	N/A	N/A	N/A	N/A	31 Mar	31 Mar	N/A	N/A	31 Mar			No variance	None required	31 Mar	Not included
Com 53		District Growth and Development Plan approved	Date of approval	30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Not achieved	Not achieved			There was a delay on the project due to new instruction given by CoGTA in the middle of the project	To fast track the process once the alignment has been addressed by the service provider	Summit planned for 30 Sep	31 Dec
Com 54		SMME, Cooperatives support programme implemented	No. of workshops held	4	1	Nil	1	Nil	1	Nil	1	1	1			The main Strategic Partner went overseas and the project got off to a late start	To ensure more Co-operatives participates on capacity building programmes	3	4
Com 55		LED Strategy reviewed	Date of completion	30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Not achieved	Not achieved			There was no budget allocation for this project	The LED strategy will be done internally in the next financial year	Not included	Not included
Com 56	To develop an economically viable and tourist friendly District that increases tourism and job opportunities	International Marketing Programme implemented	Date implemented	30-Jun	N/A	N/A	N/A	N/A	N/A	31 Jan	30 Jun	See Q3	31 Jan	R4 818 853	R1 569 553	No variance – achieved in Q3	To negotiate with the industry for discounted accommodation to promote the region	Not included	30 Sep
Com 57		Tourism Promoted through the Mandela Marathon	Date of hosting of the Marathon	31 Aug	31 Aug	N/A	N/A	N/A	N/A	N/A	N/A	N/A	29 Aug			This project is now managed by the Race Director who reports to the MM	A comprehensive set of targets have been set by the Race Director	28 Aug	30 Aug
Com 58		Tourism Brochure reviewed	Date of publishing of Tourism Brochure	30-Jun	N/A	N/A	N/A	N/A	N/A	N/A	31 Jun	Not achieved	Not achieved			The brochure was not printed because there was no budget allocation	This has been budgeted for in the 2014 / 2015 budget	Not included	30 Jun
Com 59		SMME capacity / expertise improved	No. of workshops conducted	2			1	1			1	2	3			No variance. ( 3 workshops were held at uMshwathi, Mpofana and Impendle)	Engage with the local municipality to ensure that more SMME's and Co-operatives participate	Not included	2
Com 60		Tourism promoted through exhibitions	No. of exhibitions organised	3	Nil	1	1	Nil	Nil	Nil	2	2	3			No variance	None required	Not included	3



## DEPARTMENT OF FINANCIAL SERVICES

## National Key Performance Area (KPA): Financial Viability and Management

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
Fin1	To improve expenditure control	Monthly reconciliation of creditors and bank balances	No. of monthly reconciliations	12	3	2	3	2	3	3 and 2	3	3 and 2	14	R13 176 367	R13 704 065	Bank reconciliations for NSTD call, WSA projects account, salaries account, Mandela Marathon and Public sector accounts are all reconciled and reviewed for the period ending 30 June 2014.  Incorrect entries had to be reversed in the main bank account, this had to be done by the service provider (Camelsa as it affects the transaction codes set by them. There are delays from the side of the service provider and follow-ups were made with Camelsa by Lethiwe Zondi).	No need for improvement as bank reconciliation statements are done on time.  The delay was due to an error which was outside the Expenditure Section	12	12
Fin 2		Payment of creditors	No. of days of creditors age analysis	Within 30 days	With in 30 days	Mostly with 30 days. Only 11.7 % is older than 30 days.	With in 30 days	The creditors' age analysis shows 6.3 % as amount outstanding and older than 30 days, 93.4 0% is 30 days old and .29% is current.	With in 30 days	94.4 8% of creditors were paid within 30 days. Only 5.52 % was older than 30 days	With in 30 days	Most creditors were paid within the prescribed 30 day period. Only 4.96% was outstanding longer than 30 days.				Some creditors do not provide their banking details in time which delays the processing of payment.  Some tax invoices had to be sent back to service providers as they do not comply with section 20 of the VAT Act of 1991.  Payments made to the service provider that does the mechanical and electrical maintenance of water pump stations, had to be revised as there were errors on their invoices which also resulted to delays (rates quoted in the tender document differ).	No need for improvement from the Expenditure Section	30 days	30 days
Fin 3		Compliance with prescribed dates of monthly returns	No. of monthly returns	12	3	3	3	Done in Jan 2014	3	All PAYE and VAT returns	3	3	12			All PAYE (EMP201) returns are prepared, reviewed and submitted to SARS.  This was done before the 7 <sup>th</sup> of the month following	No need for improvement as all submission dates were complied with.	12	12

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
										and reviewed for the period up to 31 March 2014.						Tax Act of 1962.  VAT returns (VAT 201) are done, reviewed and submitted to SARS. All submissions were made inline with the VAT Act of 1991.  All pension funds, provident funds returns are done, reviewed and information is submitted to the pension fund.			
Fin 4		Compliance with prescribed dates of annual returns	No. of annual returns	1	0	0	0	1/2	0	The municipality is on track with the filing of IRPS (EMP 501).  The due date for the filing season is 31 May 2014.	1	1	1			The IRPS's were prepared, reviewed, and submitted to SARS.  This was done before the due date of 31 May 2014.  IRPS's are also issued to all staff members and councillors.  Annual return to the Compensation Commissioner (WCA) is also done and submitted.  Actuarial valuations are underway and they are expected to be completed by mid-July.  Actuarial valuations are done on post-employment medical benefits, long service awards and annuities. The municipality appointed a registered firm of Actuaries which is registered with Actuarial Society of SA.	No need for improvement as this was done inline with the legislation and it was done in time.	1	1
Fin 5		% of the capital budget actually spent on capital projects	% Spent (Total spending on capital projects / Total capital budget) x 100	100%	100 %	199%	100 %	More than 100%	100 %	YTD budget for capital projects is R113,601 m while the actual expenditure is R148	100 %	130 %	130%			There is front loading of MIG funding as the project implementation is faster than expected.  Tender processes were a bit delayed however the implementation is proceeding well (Ukhalo water; Greater Eston project)  Implementation for Water Infrastructure grant is delayed due to environmental impact assessments that still need	No need for improvement on MIG funding as it is ahead of the schedule.  No need for improvement on this one  This is dependent on an external institution and not within the control of the municipality.	100%	100%



IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
										5,76 m as at 31/03/2014. This represents actual expenditure of 130,79%									
Fin 6	To improve the procurement system	Time taken to place an order reduced	No. of days for requisition to be converted to a purchase order outstanding	5 days	5 days	6 days	5 days	4 days	5 days	6 days	5 days	7 days	5,75 days	R1 437 614	R1 901 920	Compulsory training takes staff out of their work place. Managers do not give complete specifications.	Buyers (staff placing orders) should reject incorrect specifications.	3 days	5 days
Fin 7		Time taken to finalize specification of Bid / Tender reduced	No. of days	8 days	8 days	5 days	8 days	14 days	8 days	4 days	8 days	4 days	6,75 days			Insufficient specifications by user department will be rejected	Buyers (staff placing orders) should reject incorrect specifications.	5 days	8 days
Fin 8		Time taken to finalize evaluation of Bid / Tender reduced	No. of days from close of tender	10 days	10 days	18 days	10 days	14 days	10 days	8 days	10 days	14 days	13,5 days			Unavailability of members to attend meetings	Calendar of meetings will be put in place	5 days	10 days
Fin 9		Time between the evaluation process and the adjudication process reduced	No. of days	7 days	7 days	23 days	7 days	14 days	7 days	7 days	7 days	15 days	14,75 days			Unavailability of members to attend meetings	Calendar of meetings will be put in place	5 days	7 days
Fin 10		Legislative compliance (including completion of declaration of interest form by each employee) improved	% of submission of declarations of interest forms completed by Cllrs and Staff	100%	100 %	72%	100 %	74%	100 %	77%	100 %	100 % of Bid Committees	100% of Bid Committees			No variance	None required in future the KPI needs to be amended to make it relevant to Bid committee Members. This will make it relevant to the Finance Department	100%	100%
Fin 11		Assets that are obsolete disposed of	Date of disposal	30-Jun		Not applicable	N/A	N/A	N/A	N/A	30-Jun	30-Jun	30-Jun			No variance	None required	30-Jun	30-Jun

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2013 / 2013	2014 / 2013
Fin 12	To improve the budgeting and reporting processes	Budget / IDP Process Plan adhered to	Date of Process Plan fully implemented	30-Aug	30-Aug	30-Aug	N/A	N/A	N/A	N/A	N/A	N/A	30-Aug	R3 212 273	R6 248 501	No variance	None required	30-Aug	30-Aug
Fin13		Submission of all monthly returns	No. of returns submitted	12	3	1	3	1	3	3	3	3	8			Although a variance is reflected, Dept of Financial Services reported that all monthly returns were submitted	Review the target	12	12
Fin 14		Submission of all quarterly returns	No. of returns submitted	4	1	1	1	1	1	1	1	1	4			No variance	None required	4	4
Fin15		Submission of all bi annual returns	No. of returns submitted	2	N/A	N/A	1	1	N/A	N/A	1	1	2			No variance	None required	2	2
Fin 16		AFSs submitted on time	Date of submission	30-Aug	30-Aug	30-Aug	N/A	N/A	N/A	N/A	N/A	N/A	30-Aug			N/A	N/A	30-Aug	30-Aug
Fin17		Fixed Asset Register reconciled with General Ledger	No. of reconciliations	12	3	3	3	3	3	3	3	3	12			No variance	None required	12	12
Fin 18	To improve income control	Total No. customers - database	% of customers billed/Total No. of Customers-database	100%	100 %	100%	100 %	100%	100 %	100%	100 %	100%		R3 672 416	R6 777 868	No variance Flat and Fixed rate was introduced	The number of customers are increasing due to new areas that are added to the database	100%	100%
Fin 19		Cash collected from customers	No. of days outstanding	Within 30 days	Within 30 days	42%	Within 30 days	180 Days	Within 30 days	134 days	Within 30 days	117 days	143 days			Customers are taking more days to settle the outstanding debts	Fully implementation of Credit Control Policy. Service Provider has been appointed for maintenance, service restrictions and disconnections	Within 30 days	Within 30 days
Fin 20		Debt Collection %	% of collection: Amount collected / sales raised	70%	35%	1	40%	0	50%	80%	70%	98%	98%			No variance	To improve collection percentage debt collection policy must be fully implemented. The Service Provider has been appointed	70%	70%
Fin 21		Suspense Account	Monthly reconciled Suspense Account with Analysis of Balance	12	3	3	3	3	3	0	3	3	9			In Q3 there was a backlog due to resignation of the staff member and the system error. There was also a challenge to go to Customer Care Centre offices to reconcile receipts	An Extra resource (Intern) was added to assist in eliminating the backlog	12	12
Fin 22		Consumer Deposits Reconciliation	Monthly reconciled - New customers and Terminated	12	3	3	3	3	3	3	3	3	12			No variance	None required	12	12



IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned Improvement Interventions	Past and Future Targets	
					Targ et	Actual	Targ et	Actual	Targ et	Actual	Targ et	Actual						2012 / 2013	2014 / 2015
Fin 23		Reviewed Daily Banking Report	No. of daily reviews	250 days	62 days	62 days	63 days	63 days	62 days	62 days	63 days	63 days	250 days			No variance	None required	250 days	250 days
Fin 24		Debt coverage ratio	Ratio $\frac{[(\text{Total operating revenue received}) - (\text{operating grants received}) / \text{debt service payments due, including interest and capital}]}{100}$	16:1	16:1	839	16:1	470	16:1	0.4:1	16:1	0.5:1	5:1			Operating revenue received covers debt service payment due 0.5 times.  DBSA loan has been increased	Will improve in time as debt collection improves.	16:1	16:1
Fin 25		Outstanding service debtors to revenue	No. of days debtors are outstanding $\frac{(\text{Total outstanding debtors} / \text{Actual revenue received for services}) \times 100}{100}$	245	245	?	245	?	245	147 days	245	131 days	139 days			1. Customers are taking more days to settle outstanding debts 2. Debtors age analysis on 180+ days is high.  Collection has increased from Q2. They are new properties that are added on the database	1. Fully implementation of credit Control Policy, Service Provider has been appointed for maintenance, service restrictions and disconnections  2. Council to take a decision on outstanding debts report came back to add more options with regard to write-off and amnesty.	245	245
Fin 26		Cost coverage ratio	Ratio $\frac{[\text{All available cash at a particular time}] + (\text{Investments}) - (\text{Conditional grants}) / \text{Monthly fixed operating expenditure}}{100}$	1:1	1:1	?	1:1	?	1:1	4:1	1:1	2:1	3:1			Cash available cover operating expenditure 2 times	No need for improvement	1:1	1:1
Fin 27		R debtors outstanding as a % of revenue received for services	% Achieved $\frac{(\text{Total outstanding debtors} / \text{Actual revenue received for services}) \times 100}{100}$	Nil %	Nil %	?	Nil %	?	Nil %	147%	Nil %	131 %	119%			The application of the Credit Control Policy is starting to yield results	Application of the Credit Control Policy  Write off of irrecoverable debt	Nil %	Nil %

IDP Ref. No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against Annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned Improvement Interventions	Past and Future Targets	
					Targ et	Actu al	Targ et	Actu al	Targ et	Actu al	Targ et	Actu al						2012 / 2013	2014 / 2015
Fin 28	To ensure mainstreaming and institutionalization of Batho Pele in line with the Municipality's Corporate Strategy of being Citizen-Centric	District-wide Batho Pele Forum established	Date of a fully Functional Batho Pele (Technical) Forum established	30 Sep	30 Sep	Nil		Nil		20 Mar	20 Mar	N/A	20 Mar	Nil	Nil	Batho Pele Forum convenes bimonthly	To ensure coordination of Batho Pele programme throughout the District	Not included	30 Sep
Fin 29			Batho Pele Campaigns implemented	4	1	Nil	1	1	1	Nil	1	2	3			Service Improvement Workshop for Income Section held on 27 May 2014. Suggestion boxes introduced	Conduct Batho Pele workshop for all staff in the uMDM	Not included	4
Fin 30		Batho Pele Service Improvement Advisory Forum established in each Local Municipality	No. of functional (Community) Advisory Forums established	6	2	Nil	1	7	2		1	Nil	7			The adoption of the OSS Model created synergy and allowed for the same structure to perform this responsibility without having to establish another one.	Request submitted and awaiting date of next OSS DTT meeting to propose utilization of OSS LTTs as the Batho Pele Service Improvement Advisory Forum	Not included	6
Fin 31		Consumer Education & Feedback Sessions conducted	No. of Consumer Education & Feedback sessions held	12	3	Nil	3	Nil	3	4	3	15	19			No variance - Impendle Local Municipality presented a platform as its IDP/Budget izimbizo.	None required	Not included	12
Fin 32		Standard Operating Procedures developed	Date of adoption of Standard Operating Procedure Manual	31 Dec		1	31 Dec	Not achieved		Not achieved		N/A	Not achieved			Not achieved due to no budget allocation	Abridged schematic workflow done as an interim measure	Not included	31 Dec



## DEPARTMENT OF CORPORATE SERVICES

## National Key Performance Area (KPA): Institutional Development and Transformation

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2013 / 2013	2014 / 2015
Corp 1	To become an employer of choice	Workplace Skills Plan (WSP) in line with the Employment Equity Plan (EEP) approved	Date of completion of Skills Audit	31 Dec	N/A	NIL	31 Dec	30/ April	N/A	30 Apr	N/A	30 April	30 April	R15 665 900	R11 252 041	Supply chain process caused a delay	Speed-up supply chain process	30 Jun	31 Dec
Corp 2			Date of WSP submitted	30-Jun	N/A	N/A	N/A	N/A	N/A	30 Apr	30-Jun	See Q3	30 April			No variance	None required	30 Jun	30 Jun
Corp 3		Budget spent on WSP	% Spent (Actual amount spent on WSP / Budgeted amount for WSP) X 100	100%	25%	6,40 %	50%	25%	75%	67,8 8%	100 %	100 %	100%			No variance	None required	100%	100%
Corp 4	Strategic Plan on the Approach to Employee Relations implemented	No. of quarterly milestones implemented	4	1	NIL	1	1	1	1	1	1	1	4			No variance	None required	31 Mar	4
Corp 5	Career Development and Progression Plan in place	Date of adoption of Plan	30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Policy developed, but not yet the Plan	Policy developed, but not yet the Plan				This project was assigned to a Shared Services Provider appointed by CoGTA. This Service Provider was only appointed in July 2014	This project is now back on track	30 Jun	30 Jun
Corp 6	Adopted Individual Performance Management Strategy	Date of the adoption	31 Mar	N/A	N/A	N/A	N/A	31 Mar	NIL	N/A	Policy developed, but not yet adopted	Policy developed, but not yet adopted				Document workshoped with Full Council and ULF, but not yet adopted by Council	Being submitted for adoption on 28 Aug 2014	31 Mar	31 Mar
Corp 7	Adopted Diversity Management Programme	Date of adoption	30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Not achieved	Not achieved				This project was assigned to a Shared Services Provider appointed by CoGTA. This Service Provider was only appointed in July 2014	This project is now back on track	30 Jun	30 Jun
Corp 8	Reviewed Organizational Structure implemented	% of prioritised positions filled	100%	25%	NIL	50%	NIL	75%	75%	100 %	100 %	100%				No variance	None required	100%	100%
Corp 9	Scarce Skills Report approved	Date of approval	30 Sep	30 Sep	30 Sep	N/A	N/A	N/A	N/A	N/A	N/A	30 Sep				N/A for Q4, but Policy adopted in Jan 2014	None required	Not included	30 Sep

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
Corp 10		Injuries on duty reduced in line with the Health and Safety legislation	% of Injuries on Duty (IOD's) reduced	100%	100 %		100 %	3%	100 %	1.8%	100 %	100 % of the Immunisation Program	100% of the Immunisation Program			In future the implementation of the Immunisation Programme will be measured as this is proactive.	See variance column	Not included	100%
Corp 11		Health and Safety in the workplace promoted	No. of Health and Safety Committee meetings held	10	2	Nil	3	Nil	2	Nil	3	1	1			Appointment of the Committee delayed through the bargaining process	Meetings will now go ahead as planned due to appointment of the Committee	Not included	10
Corp 12		Team spirit and organisational development promoted	No. of Employee Wellness Committee meetings held	4	1	1	1	1	1	1	1	1	4			No variance	None required	Launch Program by 30 Jun	4
Corp 13		Accurate leave records and batch reports available	No. of average percentage of leave forms received processed	12	4	4	4	17%	4	28%	4	4	12			No variance, but in Q2 and Q3 the correct reporting process was not followed	Follow the correct reporting process	Not included	12
Corp 14		Employment Equity Report submitted	No. of Reports submitted	1	N/A	1	1	1	N/A	N/A	N/A	N/A	1			No variance	None required	1 Oct	1
Corp 15		Gender equality in the workplace promoted	No. of people from employment equity target groups employed in the three highest levels of management	5	1	1	1	1	1	0	2	2	4			At the time of writing the appointment of the CFO was underway	Appointment of the CFO is receiving urgent attention	Not included	Not included
Corp 16		Induction workshops for Councilors and employees on policies and procedures conducted	No. of sessions held	2	N/A	N/A	1	Nil	N/A	2	1	1	3			No variance	None required	Not included	Not included
Corp 17		Job evaluations completed	Date of finalization of job evaluations	31 Dec	N/A	N/A	31 Dec	Nil	N/A	N/A	N/A	N/A	Partially achieved			The Job Evaluation Committee has been trained	Job Evaluation will now be conducted as planned	Not included	Not included



IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned improvement interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2013 / 2013	2014 / 2015
Corp 18	To improve the standard of administrative and auxiliary support	Upgraded Records Management System implemented	No. of compliance checks conducted	4	1	1	1	1	1	1	1	1	4	R20 031 594	R22 594 692	No variance	Applied for funding to appoint an intern to assist with this task	31 Mar	4
Corp 19		Delegation framework and Rules of Order reviewed	Date of adoption of reviewed documents	30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	80% achieved	80% achieved			Draft completed, awaiting adoption	To submit for adoption by Full Council	30 Jun	30 Sep
Corp 20		Code of Conduct reviewed	Date of adoption of reviewed Code of Conduct	30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	N/A – see variance	N/A – see variance			This should only be done after assumption of duty of a new Council after LG elections	N/A	Not included	Not included
Corp 21		Access control upgraded	Date of completion of upgrade	31 Mar	N/A	N/A	N/A	N/A	31 Mar	Not achieved	N/A	N/A	Not achieved			Budget constraints prevented achievement of this target	Budget allocation has now been allocated for 2014 / 2015	31 Mar	30 Dec
Corp 22		Agendas and minutes printed on time for dissemination	No. of days before meetings	4 days	4 days	4 days	4 days	4 days	4 days	4 days	4 days	4 days	4 days			No variance	None required	Not included	4 days
Corp 23		Agendas and minutes disseminated on time	No. of days before meetings	3 days	3 days	3 days	3 days	3 days	3 days	3 days	3 days	3 days	3 days			No variance	None required	Not included	3 days
Corp 24		Council Calendar of Meetings	Date of adoption of Council Calendar	30 Nov		August	30 Nov	30 Nov	N/A	N/A	N/A	N/A	30 Nov			No variance	None required	Not included	30 Nov
Corp 25		Resolutions disseminated timeously	No. of days for dissemination after meeting	2 days	2 days	Not met	2 days	2 days	2 days	2 days	2 days	2 days	2 days			No variance	None required	Not included	2 days
Corp 26		Level of compliance with Council Calendar	No. of meetings conducted for Portfolio Committees and EXCO	12	3	3	3	3	3	3	3	3	12			No variance	None required	Not included	12
Corp 27		Quarterly reports on compliance with legislation, implementation of AG, Internal audit and risk management Action plans to Municipal Managers Office	No. of reports submitted	4	1	1	1	1	1	1	1	1	4			No variance	None required	Not included	4

IDP Ref No.	Strategic Objective	Measurable Outputs	Performance Measure (KPI)	Annual Target	Q1 ending 30 Sep		Q2 ending 31 Dec		Q3 ending 31 Mar		Q4 ending 30 Jun		Actual Performance against annual Targets	Budget	Expenditure at end of Q4	Reason for variance between Annual Target and Actual Performance	Planned Improvement Interventions	Past and Future Targets	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual						2012 / 2013	2014 / 2015
Corp 28		Capital programme implemented	% of capital budget spent	100%	25%	Approx 10%	50%	50%	75%	75%	100%	100%	100%			No variance	Expenditure statement	Not included	100%
Corp 29		Councillor remuneration reviewed	No. of reviews conducted	4 reviews	1	1	1	1	1	1	1	1	4			No variance	None required	Not included	4
Corp 30		Annual Maintenance Programme for 242 and 176 completed	Date of completion of Maintenance Programme completed	30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	30 Jun	30 Jun			No variance	To beef up maintenance unit with technical skills staff	Not included	30 Jun
Corp 31		Facilities providing access to people with disabilities installed	Date of completion of installation	30 Jun	N/A	N/A	N/A	N/A	N/A	N/A	30 Jun	Not achieved	Not achieved			First attempt to secure a suitable Service Provider was unsuccessful	Will approach the architect who designed the office for quote	Not included	30 Jun
Corp 32		Reported defects / maintenance issues addressed timeously	Time taken to address defects / maintenance issues	5 days	5 days	Not achieved	5 days	Not achieved	5 days	Not achieved	5 days	Not achieved	Not achieved			Delays in SCM process	SCM processes to be improved	Not included	5 days
Corp 33		Vehicle Tracker System implemented / monitored	No. of monitoring sessions conducted	12	3	Not achieved	3	Not started	3	Not achieved	3	3	3			The System took longer to implement than anticipated	The System is now up and running	Not included	12
Corp 34		Implementation of the Fleet Management Policy monitored	No. of Fleet Advisory Committee meetings held	4	1	1	1	1	1	Not achieved	1	1	3			Difficulty in finding dates that suit all Delegates	Set dates at commencement of year. Delegated the Chair responsibilities to M. Hill	Not included	4
Corp 35		Additional office accommodation acquired	No. of additional satellite offices acquired	6	N/A		N/A	N/A	N/A	N/A	6	1	1			This target was linked to the Metro status application	Target needs to be reviewed in line with service delivery needs	Not included	6



## CHAPTER FIVE

### Annual Financial Statements

#### UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

#### Accounting Policies

##### 1.2 Property, plant and equipment (continued)

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

##### 1.3 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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### Accounting Policies

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

#### 1.4 Financial instruments

##### Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through surplus or deficit - held for trading
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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### Accounting Policies

#### 1.4 Financial instruments

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

#### 1.4 Financial instruments (continued)

##### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at settlement date.

##### Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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### Accounting Policies

for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables. We have used the method of recovery in the current year and non recovery was then used to create a doubtful debt provision hence we did not discount the debtors because of the materiality of the provision.

#### Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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### Accounting Policies

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

#### 1.4 Financial instruments (continued)

##### Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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### Accounting Policies

#### Derecognition

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### 1.4 Financial instruments (continued)

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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### Accounting Policies

#### 1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

##### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

#### 1.6 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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### Accounting Policies

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of water inventories are assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 1.7 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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### Accounting Policies

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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### Accounting Policies

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### 1.8 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

#### 1.9 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

#### 1.9 Employee benefits (continued)

##### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

#### 1.9 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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### Accounting Policies

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

#### 1.9 Employee benefits (continued)

##### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

#### 1.10 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

#### 1.10 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The uMgungundlovu District Municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

#### 1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.





## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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### Accounting Policies

#### 1.11 Revenue from exchange transactions (continued)

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

#### 1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### 1.13 Revenue

Revenue comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

#### 1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.





## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

#### 1.15 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified.

#### 1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote;
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the change in accounting policy in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the change in accounting policy.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

#### 1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the change in accounting policy in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the change in accounting policy.

#### 1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.





## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

#### 1.19 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

#### 1.20 Use of Estimates

The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

#### 1.21 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised when municipal valuation is more than carrying amount of the buildings. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the change in accounting policy.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

#### 1.22 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

#### 1.23 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 07/01/2013 to 06/30/2014.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

#### 1.24 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.





## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Accounting Policies

#### 1.24 Related parties (continued)

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Notes to the Annual Financial Statement

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#### 2. Inventories

Consumables stores  
Water

2014	2013
2 945 710	2 245 112
93 138	-
<b>3 038 848</b>	<b>2 245 112</b>
5 026 667	1 482 527

Inventories recognised as an expense during the year

Inventory is measured at the lower of cost or net realisable value.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

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#### 3. Receivables from exchange transactions

Deposits	800 566	431 234
Agency Agreements	1 840 440	1 667 638
Trade Debtors	36 816 409	35 387 682
Prepaid expenses	2 993 366	2 568 690
Other debtors	-	193 104
MIG	66 590 951	39 713 756
Clearing account	1 138 517	856 106
	<b>110 180 249</b>	<b>80 818 210</b>

#### Trade and other receivables pledged as security

Trade and other receivables were not pledged as security for any overdraft facilities of the municipality.

#### 4. Consumer debtors

##### Gross balances

Water	343 762 933	257 728 481
-------	-------------	-------------

##### Less: Allowance for impairment

Water	(254 175 445)	(214 817 495)
-------	---------------	---------------

##### Net balance

Water	89 587 488	42 910 986
-------	------------	------------

##### Water

Current (0 -30 days)	23 614 363	11 488 618
31 - 60 days	8 001 387	12 944 445
61 - 90 days	9 856 895	23 058 982
91 - 120 days	6 229 386	31 970 999
121 - 365 days	6 259 525	4 934 819
> 365 days	289 801 378	173 330 618





## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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Provision

(254 175 446)

(214 817 495)

89 587 488

42 910 986

Reconciliation of allowance for impairment

Balance at beginning of the year

(214 817 495)

(157 763 185)

Contributions to allowance

(39 357 950)

(57 054 310)

(254 175 445)

(214 817 495)

The provision for bad debts has been calculated based on the individual risk profile of customers, i.e. customer have been categorised as high risk, very high risk, medium risk, low risk, and deceased customers. All government customers have been excluded from the provision from bad debts provision.

#### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand

8 636

10 038

Bank balances

76 524 301

8 238 542

Short-term deposits

120 000 000

120 000 000

Investments

8 750 000

8 750 000

205 282 937

136 998 580



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

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The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012
FNB BANK-Public Sector Account - 62243484417	-	26 862	723	-	26 862	-
FNB BANK -Salaries Account - 50940092196	2 092 252	552 302	63 076	2 092 252	552 302	63 076
FNB BANK -Projects Account - 62023616462	10 834 502	2 251 517	2 642 499	10 834 502	2 251 517	2 642 499
STANDARD BANK - Call Account - 62215748289	55 705 004	557 546	29 313 740	55 705 004	557 546	29 313 740
FNB BANK - Cheque Account - 62411577193	305 045	112 519	-	305 045	112 519	-
FNB BANK - Main Account - 50940026773	7 588 245	4 737 796	25 277 101	7 587 435	4 737 796	25 277 101
FNB BANK - Cheque Account - 62400041985	64	-	-	64	-	-
ABSA BANK - Fixed Deposit - 2072673843	30 000 000	30 000 000	-	30 000 000	30 000 000	10 000 000
NEDBANK - 3 Months deposit - 03/7165014047/00023	30 000 000	30 000 000	-	30 000 000	30 000 000	20 000 000
STATE BANK OF INDIA- Term Deposit - 32620073030107	5 000 000	5 000 000	-	5 000 000	5 000 000	-
INVESTEC BANK-Fixed Deposit-455213	30 000 000	30 000 000	-	30 000 000	30 000 000	20 000 000
FNB BABK-Fixed Deposit- 71101199555	3 750 000	3 750 000	-	3 750 000	3 750 000	3 750 000
STANDARD BANK-Fixed Deposit-358610095-004	30 000 000	30 000 000	-	30 000 000	30 000 000	20 000 000
<b>Total</b>	<b>205 275 112</b>	<b>136 988 542</b>	<b>57 297 139</b>	<b>205 274 302</b>	<b>136 988 542</b>	<b>131 046 416</b>





## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

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#### 6. Property, plant and equipment

Land  
Buildings  
Plant and machinery  
Furniture and fixtures  
Motor vehicles  
IT equipment  
Infrastructure  
Other property, plant and equipment  
Bins and containers  
Work in Progress  
**Total**

Cost / Valuation	2014		Cost / Valuation	2013	
	Accumulated depreciation and accumulated impairment	Carrying value		Accumulated depreciation and accumulated impairment	Carrying value
1 905 000	-	1 905 000	1 905 000	-	1 905 000
30 200 059	-	30 200 059	27 400 059	(913 335)	26 486 724
7 509 251	(4 105 090)	3 404 161	5 510 014	(3 374 490)	2 135 524
4 103 856	(2 323 846)	1 780 010	3 726 208	(2 099 024)	1 627 184
6 136 708	(5 359 004)	777 704	6 136 708	(5 171 707)	965 001
5 555 148	(3 863 203)	1 691 945	4 843 475	(3 564 609)	1 278 866
1 696 104 674	(1 189 860 403)	506 244 271	1 637 809 522	(1 151 982 318)	485 827 204
6 187 068	(809 975)	5 377 093	4 959 672	(502 974)	4 456 698
392 440	(80 560)	311 880	392 440	(61 067)	331 373
242 163 784	-	242 163 784	155 695 406	-	155 695 406
<b>2 000 257 988</b>	<b>(1 206 402 081)</b>	<b>793 855 907</b>	<b>1 848 378 504</b>	<b>(1 167 669 524)</b>	<b>680 708 980</b>

## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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#### 6. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Revaluations	Fair value adjustments	Depreciation	Impairment loss	Total
Land	1 905 000	-	-	-	-	-	1 905 000
Buildings	26 486 724	-	4 626 670	-	(913 335)	-	30 200 059
Plant and machinery	2 135 524	1 994 737	4 500	-	(104 038)	(626 562)	3 404 161
Furniture and fixtures	1 627 184	363 848	13 800	-	(176 304)	(48 518)	1 780 010
Motor vehicles	965 001	-	-	-	(147 297)	(40 000)	777 704
IT equipment	1 278 866	711 673	12 358	-	(247 911)	(63 041)	1 691 945
Infrastructure	485 827 204	53 083 743	5 211 411	16 546 512	(54 414 877)	(9 722)	506 244 271
Other property, plant and equipment	4 456 698	1 227 396	-	-	(307 001)	-	5 377 093
Mobile Offices	331 373	-	-	-	(19 493)	-	311 880
Work in Progress	155 695 406	86 468 378	-	-	-	-	242 163 784
	<b>680 708 980</b>	<b>143 849 775</b>	<b>9 868 739</b>	<b>16 546 512</b>	<b>(56 330 256)</b>	<b>(787 843)</b>	<b>793 855 907</b>

##### Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Transfers	movements	Depreciation	Impairment loss	Total
Land	6 481 000	-	-	-	(4 576 000)	-	-	1 905 000
Buildings	27 400 059	-	-	-	-	(913 335)	-	26 486 724
Plant and machinery	1 615 827	23 091	-	701 910	-	(205 304)	-	2 135 524
Furniture and fixtures	1 801 817	191 326	-	-	-	(365 959)	-	1 627 184
Motor vehicles	1 091 912	-	(125 000)	(1 911)	-	-	-	965 001
IT equipment	2 022 890	485 926	-	-	-	(1 229 950)	-	1 278 866
Infrastructure	547 999 569	15 917 192	-	-	-	(78 048 302)	(41 255)	485 827 204
Other property, plant and equipment	5 457 682	-	(801 167)	-	-	(199 817)	-	4 456 698
Bins and containers	350 995	-	-	-	-	(19 622)	-	331 373
Work in Progress	98 488 855	61 335 760	-	(4 129 209)	-	-	-	155 695 406
	<b>692 710 606</b>	<b>77 953 295</b>	<b>(926 167)</b>	<b>(3 429 210)</b>	<b>(4 576 000)</b>	<b>(80 982 289)</b>	<b>(41 255)</b>	<b>680 708 980</b>



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**6. Property, plant and equipment (continued)****Revaluations**

The revaluations of buildings was performed by the Msunduzi Municipality (independent valuers) in respect of the Municipal Rates Act of 2004. The effective date for the revaluation is 01 July 2013

The revaluation of Infrastructure assets was performed by NME Engineering (independent valuers). The effective dates for the revaluation is 01 July 2013

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

**7. Other financial liabilities****At amortised cost**

DBSA Loan

79 824 812

13 602 095

The Loan from Development Bank South Africa are subject to interest at an average rate of 10% and are repayable over an average period of 20 years

**Non-current liabilities**

At amortised cost

6 021 088

9 953 749

**Current liabilities**

At amortised cost

73 803 724

3 648 346

**UMGUNGUNDLOVU DISTRICT MUNICIPALITY**

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**8. Payables from exchange transactions**

Trade payables	44 011 173	30 817 114
Retention	9 723 108	5 778 327
Accrued leave pay	10 567 927	7 097 885
Accrued bonus	3 799 257	3 119 576
Other accrued expenses	588 206	996 525
	<b>68 689 671</b>	<b>47 809 427</b>

**Trade Payable Ageing**

0-30 Days	38 749 512	28 968 746
31-60 Days	4 625 267	540 222
61-90 Days	580 786	1 308 746
91-180 Days	1 057 847	-
	<b>45 013 412</b>	<b>30 817 714</b>

**9. Consumer deposits**

Water	4 749 740	4 527 350
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The water deposits relates to amounts paid by customers and are refundable as and when the customer closes their water accounts. The municipality does not pay nor accrue any interest on these deposits.





## uMGUNGUNDLOVU DISTRICT MUNICIPALITY

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#### 10. Unspent conditional grants

Unspent conditional grants and receipts comprises of:

##### Unspent conditional grants and receipts

Materials recovery Grant	19 553 972	19 553 972
Water Purification Grant	2 244 800	2 244 800
IRO Municipal Excellence	262 678	1 000 000
GIS Grant	1 001 017	276 152
Corridor Development Grant	550 000	550 000
KZN Sports	633 776	633 776
Massification Grant	-	9 098 344
HIV Awareness Grant	-	630 842
Shared deployment	800 000	800 000
Expanded Public Works	1 405 871	793 942
Accredited Councillor Training Programme	23 020	200 000
Rural roads asset management systems	952 181	428 926
Water and Sewer Works	15 235 291	105 417
Water Demand Management Grant	969 333	969 333
PTP Grant	308 817	308 817
Municipal Water Infrastructure Grant	4 027 338	-
Growth & Development Summit	-	121 479
Energy Sector	150 440	150 440
Corridor Development	4 000 000	10 000 000
Camperdown Waste Water works	4 000 095	4 267 693
	<b>56 118 629</b>	<b>52 133 933</b>

##### Movement during the year

Balance at the beginning of the year	52 133 933	42 412 602
Additions during the year	239 185 050	146 032 918
Income recognition during the year	(235 200 354)	(136 311 587)
	<b>56 118 629</b>	<b>52 133 933</b>



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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#### 11. Provisions

##### Reconciliation of provisions - 2014

	Opening Balance	Additions	Reversed during the year	Total
Post Employment Benefits	16 167 000	-	(4 823 000)	11 344 000
Long service award	9 215 000	4 473 000	-	13 688 000
	<b>25 382 000</b>	<b>4 473 000</b>	<b>(4 823 000)</b>	<b>25 032 000</b>

##### Reconciliation of provisions - 2013

	Opening Balance	Additions	Total
Post Employment Benefit	3 918 000	12 249 000	16 167 000
Long service award	-	9 215 000	9 215 000
	<b>3 918 000</b>	<b>21 464 000</b>	<b>25 382 000</b>





## uMGUNGUNDLOVU DISTRICT MUNICIPALITY

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#### 11 POST-EMPLOYMENT BENEFITS

##### 11,1 Post-employment medical benefits

The municipality operates on 5 accredited medical aid schemes, namely Bonitas, KeyHealth, LA Health, Samumed and HosMed.

Pensioners continue on the option they belonged to on the day of their retirement. The independent valuers, ZAQ Finance Consultants and actuaries, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

Discount rate per annum	8.94%	7.25%
Health care cost inflation rate	8.05%	6.75%
Net effective discount rate	0.82%	0.47%
Benchmark inflation (equal to salary inflation)	0%	0%
Average retirement age	63	63
Proportion continuing membership at retirement	90%	90%
Proportion of retiring members who are married	90%	90%
Mortality during employment	SA 85-90	SA 85-90
Mortality post-retirement (No explicit assumption was made about additional mortality or health care costs due to AIDS).	PA90-1 ultimate	PA90-1 ultimate



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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Percentage of in-service members withdrawing before retirement:

Age 20 - 24

Females	Males
24%	16%

Females	Males
24%	16%

Age 25 - 29

18%	12%
-----	-----

18%	12%
-----	-----

Age 30 - 34

15%	10%
-----	-----

15%	10%
-----	-----

Age 35 - 39

10%	8%
-----	----

10%	8%
-----	----

Age 40 - 44

6%	6%
----	----

6%	6%
----	----

Age 45 - 49

4%	4%
----	----

4%	4%
----	----

Age 50+

3%	3%
----	----

3%	3%
----	----

The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:

10 691 000

15 737 000

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year

15 737 000

9 223 000

Current service cost

1 891 000

588 000

Interest cost

1 131 000

753 000

Benefit payments

( 269 000)

( 195 000)

Actuarial (gains)/losses

( 7 799 000)

5 368 000

Balance at end of year

10 691 000

15 737 000





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#### 11,1 Post-employment medical benefits (Continued)

The amounts recognised in the Statement of Financial Performance were as follows:

##### CONTINUED OPERATIONS

Current service cost	1 891 000	588 000
Interest cost	1 131 000	753 000
Benefit payments	( 269 000)	( 195 000)
Actuarial (gains)/losses	( 7 799 000)	5 368 000
<b>TOTAL: CONTINUED SERVICES</b>	<b>( 5 046 000)</b>	<b>6 514 000</b>
DISCONTINUED OPERATIONS		
Provincial Health Services - Clinics	-	-
<b>TOTAL</b>	<b>( 5 046 000)</b>	<b>6 514 000</b>

#### SENSITIVITY ANALYSIS

The results presented are based on a number of assumptions. The extent to which the actual liability faced in the future by the Municipality differs from these results, will depend on the extent to which actual experience differs from the assumptions made.



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The assumption which tends to have the greatest impact on the results is the level of mortality and medical aid inflation.

#### SENSITIVITY RESULTS

##### **Mortality Rate:**

The liability at the Valuation date was recalculated to show the effect of:

(1) A 20% increase and decrease in the assumed level of mortality

Table 1 summarises the results of the sensitivity analysis

	20% Mortality rate	Valuation Assumption	20% Mortality rate
Total Accrued Liability	1 146 2000	10 691 000	10 042 000
Interest Cost	1 036 000	965 000	906 000
Service Cost	576 000	538 000	505 000

Note: Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Municipality. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Municipality in the form of subsidies will reduce and vice versa.



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**11.1 Post-employment medical benefits (Continued)****Medical Aid Inflation:**

The liability at the Valuation date was recalculated to show the effect of:

(1) A 1% increase and decrease in the medical aid inflation.

Table 2 summarises the results of the sensitivity analysis

	<b>-1% Mortality rate</b>	<b>Valuation Assumption</b>	<b>20% Mortality rate</b>
Total Accrued Liability	10 081 000	10 691 000	11 193 000
Interest Cost	909 000	965 000	1 011 000
Service Cost	504 000	538 000	565 000

Note: The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

**11.2 Long service awards and retirement gifts**

Finance consultants and actuaries, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

Discount rate per annum	7.96%	7.25%
General Salary Inflation (long term)	7.33%	6.25%
Net effective discount rate	0.59%	0.09%



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Provincial Health Services - Clinics

-

-

**TOTAL**

**4 473 000**

**1 254 000**

**In conclusion:**

Statement of Financial Position  
obligation for:

Post-employment medical benefits

10 691 000

15 737 000

Long Service Award

13 688 000

9 215 000

Post-employment pension benefits

653 000

430 000

**25 032 000**

**24 952 000**

Statement of Financial Performance  
obligation for:

Post-employment medical benefits -  
continued members

( 5 046 000)

6 514 000

Post-employment Pension benefits -  
continued members

223 000

Long Service Award loss -  
continued members

4 473 000

1 254 000

( 350 000)

7 768 000

Post-employment medical benefits -  
discontinued members

-

-

Long Service Award loss -  
discontinued members

-

-

**( 350 000)**

**7 768 000**



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**12. Vat payable**

Vat payable

18 714 775

12 724 063

**13. Revaluation reserve**

The revaluation reserve arose due to land and buildings recorded at market values. The valuation was performed by a professional valuer appointed by Local Municipalities where valued properties are situated. The municipality used valuation roll values to revalue its land and buildings. The valuation roll was implemented on 01 July 2009.

Opening balance

14 195 738

14 195 738

Change during the year

8 011 411

-

22 207 149

14 195 738

**14. Service charges**

Service charges

8 990

94 526

Sale of water

125 072 081

94 292 996

Sewerage and sanitation charges

7 604 011

23 748 375

132 685 082

118 135 897

The municipality averages water loss to be approximately 55% for 2013/14 and 49% for 2012/13. The loss is calculated by comparing quantity of water sold to quantity bought. The calculation was arrived at by comparing water bought to water sold. The increase in sale of water and sewerage charges is as a result of commercial customers transferred from uMngeni water.

Water losses were mainly due to illegal connections and leakages as a result of ageing infrastructure.

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**15. Other income**

Project Income  
Orio  
uMsunduzi  
Sundry Income

259 282  
-  
-  
2 215 780  
**2 475 062**

220 024  
7 267 157  
6 577 490  
984 305

**15 048 976****16. Revenue**

Service charges  
Gains on disposal of assets  
Interest received (trading)  
Rental income  
Profit on disposal of assets  
Sundry Income  
Interest received  
Government grants & subsidies

132 685 082  
-  
19 490 753  
405 298  
-  
2 475 062  
10 412 984  
533 093 404  
**698 562 583**

118 135 897  
413 458  
12 855 690  
288 622  
13 706  
15 048 976  
7 979 036  
467 412 599

**622 147 984**

**The amount included in revenue arising from exchanges of goods or services are as follows:**

Service charges  
Interest received (trading)  
Rental income  
Profit on disposal on assets  
Sundry Income  
Interest received - investment

132 685 082  
19 490 753  
405 298  
-  
2 475 062  
10 412 984  
**165 469 179**

118 135 897  
12 855 690  
288 622  
13 706  
15 048 976  
7 979 036

**154 321 927**



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**16. Revenue**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Transfer revenue

Government grants &amp; subsidies

533 093 404

467 412 599

**17. Employee related costs**

Basic

Medical aid - company contributions

UIF

WCA

SDL

Other payroll levies

Leave pay provision charge

Group Life Insurance

Defined contribution plans

Travel, motor car, accommodation, subsistence and other allowances

Overtime payments

Long-service awards

Acting allowances

Housing benefits and allowances

Holiday Bonus

Standby Allowance

Telephone Allowance

Clothing Allowance

Severance Pay

88 847 387

79 284 238

1 636 785

12 337 786

715 149

618 688

-

1 033 691

1 298 689

1 136 695

33 012

29 158

4 104 706

(1 485 338)

2 531 217

2 633 885

20 587 505

20 045 325

12 209 711

9 939 134

7 283 733

4 235 953

6 180 178

10 698 952

783 422

1 547 148

592 100

590 288

7 702 005

6 513 725

2 570 884

2 168 829

21 600

22 030

58 370

60 798

19 439

4

**157 175 892****151 410 989**

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Overtime payments	7 283 733	4 235 953
Long-service awards	6 180 178	10 698 952
Acting allowances	783 422	1 547 148
Housing benefits and allowances	592 100	590 288
Holiday Bonus	7 702 005	6 513 725
Standby Allowance	2 570 884	2 168 829
Telephone Allowance	21 600	22 030
Clothing Allowance	58 370	60 798
Severance Pay	19 439	4
	<b>157 175 892</b>	<b>151 410 989</b>

**Remuneration of Municipal Manager**

Annual Remuneration	1 158 376	1 113 565
Travel Allowance	112 500	90 000
Performance Bonuses	62 040	94 530
Contributions to UIF, Medical and Pension Funds	14 835	-
	<b>1 347 751</b>	<b>1 298 095</b>

**Remuneration of SEM: Financial Services**

Annual Remuneration	511 476	712 952
Travel Allowance	67 599	270 395
Contributions to UIF, Medical and Pension Funds	38 198	116 580
Performance Bonus	87 739	105 152
Leave Pay	-	98 898
	<b>705 012</b>	<b>1 303 977</b>



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**Remuneration of SEM: Corporate Services**

Annual Remuneration  
Travel Allowance  
Contributions to UIF, Medical and Pension Funds

894 887  
240 000  
11 170

862 456  
183 853  
-

**1 146 057****1 046 309****Remuneration of SEM: Technical Services**

Annual Remuneration  
Travel Allowance  
Performance Bonuses  
Contributions to UIF, Medical and Pension Funds  
Acting Allowance

674 827  
270 395  
51 050  
234 104  
-

579 964  
270 395  
59 563  
220 080  
15 793

**1 230 376****1 145 795****17. Employee related costs (continued)****Remuneration of SEM: Community Services**

Annual Remuneration  
Travel Allowance  
Contributions to UIF, Medical and Pension Funds

844 482  
163 849  
101 002

393 667  
63 900  
34 889

**1 109 333****492 456**

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**18. Remuneration of councillors**

Mayor	865 966	823 651
Deputy Mayor	269 380	526 290
Speaker	686 432	647 983
Whip	644 861	608 720
Other Councillors	7 477 702	6 859 362
	<b>9 944 341</b>	<b>9 466 006</b>

**19. Depreciation and amortisation**

Property, plant and equipment	56 330 257	80 988 598
-------------------------------	------------	------------

**20. Finance costs**

Interest paid (DBSA Loan)	2 975 891	1 919 004
---------------------------	-----------	-----------

**21. Debt impairment**

Contributions to debt impairment provision	39 357 950	57 054 309
Debts impaired	97 106	318 425
	<b>39 455 056</b>	<b>57 372 734</b>

**22. Bulk purchases**

Water	70 909 979	63 345 618
Sewer purification	425 749	-
	<b>71 335 728</b>	<b>63 345 618</b>



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**23. Contracted services**

Fleet Services

55 273 736

42 125 655

Operating Leases

30 864 348

16 814 324

Other Contractors

57 714 842

93 217 379

**143 852 926****152 157 358**



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#### 24. General expenses

Advertising	1 379 674	616 743
Auditors remuneration	1 616 219	1 401 170
Bank charges	277 727	215 619
Consulting and professional fees	10 778 008	7 643 659
Consumables	1 444 533	6 235 084
Entertainment	1 222 031	1 484 259
Hiring charges	451 608	488 604
Insurance	699 967	724 785
Conferences and seminars	786 939	480 173
Lease rentals on operating lease	697 883	635 551
Levies	733 557	664 170
Magazines, books and periodicals	407 474	114 097
Medical expenses	138 905	50 088
Motor vehicle expenses	8 778 509	14 140 698
Postage and courier	743 553	582 539
Printing and stationery	1 402 123	1 272 519
Promotions	2 682 359	2 593 922
Protective clothing	648 328	2 731 047
Research and development costs	184 908	4 832
Royalties and license fees	1 412 526	1 472 904
Security (Guarding of municipal property)	7 042 310	6 516 462
Sports and recreation	6 792 735	7 634 325
Staff welfare	299 330	-
Subscriptions and membership fees	3 053 337	1 082 514
Telephone and fax	4 126 104	4 415 092
Training	2 265 329	2 002 365
Travel - local	1 793 944	2 114 861
Electricity	3 728 235	3 280 690
Social Development	3 101 737	2 464 642
Grant Expenditure	7 483 824	8 532 987
Integrated Public Works Projects	445 065	615 792
Disaster awareness	95 999	168 900
Organisational expense	1 260	22 145
Local Economic Development	853 606	266 000
	<b>77 569 646</b>	<b>82 669 238</b>



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**25. Government grants and subsidies****Operating grants**

Equitable share	337 605 000	314 311 000
Municipal Water Infrastructure grant	4 722 662	-
FMG	1 250 000	1 250 000
Corridor Development	-	4 900 000
MSIG	897 000	1 000 000
SETA Grant	133 825	584 853
Rural roads management system	1 494 745	1 347 074
Rural transport	-	1 233 772
DBSA	-	590 956
Sports and Recreation	-	699 439
GIS Share Services	275 135	447 478
Intergovernmental Relations	250 777	153 874
Growth and Development	96 450	278 521
Expanded public works	388 071	206 058
Camperdown waste	267 597	-
H.I.V Grant	532 542	85 196
Water Demand Management grant	737 322	-
	<b>348 651 126</b>	<b>327 088 221</b>

**Capital grants**

MIG	160 658 195	131 492 794
Massification	17 759 054	8 831 584
Growth and Development	25 029	-
Rural transport	6 000 000	-
	<b>184 442 278</b>	<b>140 324 378</b>
	<b>533 093 404</b>	<b>467 412 599</b>



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#### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received  
Unconditional grants received

235 200 354  
297 893 050  
**533 093 404**

136 311 587  
33 101 012  
**169 412 599**

#### Materials Recovery Grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

19 553 972  
-  
-  
**19 553 972**

19 553 972  
-  
-  
**19 553 972**

#### Water Purification Grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

2 244 800  
-  
-  
**2 244 800**

2 244 800  
-  
-  
**2 244 800**

#### Municipal Excellence Grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

1 000 000  
-  
(737 322)

1 000 000  
-  
-





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	2014	2013
<b>25. Government grants and subsidies</b>	<b>262 678</b>	<b>1 000 000</b>
<b>FMG</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)
	-	-
<b>DPSS Grant</b>		
Balance unspent at beginning of year	276 152	738 854
Current-year receipts	1 000 000	-
Conditions met - transferred to revenue	(275 135)	(462 702)
	<b>1 001 017</b>	<b>276 152</b>
<b>Corridor Development Grant</b>		
Balance unspent at beginning of year	550 000	-
Current-year receipts	-	5 450 000
Conditions met - transferred to revenue	-	(4 900 000)
	<b>550 000</b>	<b>550 000</b>
<b>KZN Sports</b>		
Balance unspent at beginning of year	633 776	-
Current-year receipts	-	1 333 215
Conditions met - transferred to revenue	-	(699 439)
	<b>633 776</b>	<b>633 776</b>



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#### MSIG

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

-	-
897 000	1 000 000
(897 000)	(1 000 000)
-	-

#### HIV Awareness Grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

630 842	-
-	716 038
(630 842)	(85 196)
-	<b>630 842</b>

#### Shared Deployment Grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

800 000	800 000
-	-
-	-
<b>800 000</b>	<b>800 000</b>

#### EPWP Grant





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#### 25. Government grants and subsidies (continued)

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

793 943  
1 000 000  
(388 072)  
**1 405 871**

-  
1 000 000  
(206 057)  
**793 943**

#### ACTP Grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

200 000  
-  
(176 980)  
**23 020**

200 000  
-  
-  
**200 000**

#### Rural Roads Systems Grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

428 926  
2 018 000  
(1 494 745)  
**952 181**

-  
1 776 000  
(1 347 074)  
**428 926**

#### Massification Grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

9 098 344  
23 896 000  
(17 759 053)  
**15 235 291**

-  
16 657 845  
(7 559 501)  
**9 098 344**



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#### MIG

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

(39 713 756)	-
133 781 000	104 142 000
(160 658 195)	(143 855 756)
<b>(66 590 951)</b>	<b>(39 713 756)</b>

#### IGR Grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

105 417	-
-	298 822
(105 417)	(193 405)
<b>-</b>	<b>105 417</b>

Conditions still to be met - remain liabilities (see note 10).

Provide explanations of conditions still to be met and other relevant information.

#### Water Demand Management Grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

969 333	969 333
-	-
-	-
<b>969 333</b>	<b>969 333</b>

#### PTP Grant

Balance unspent at beginning of year

308 817	308 817
---------	---------





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#### 25. Government grants and subsidies (continued)

Current-year receipts

Conditions met - transferred to revenue

308 817

308 817

#### MWIG

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

8 750 000

(4 722 662)

4 027 338

-

-

-

#### GDS Grant

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

121 479

-

(121 479)

-

-

400 000

(278 521)

121 479

#### Energy Sector Grant

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

150 440

-

-

150 440

150 440

-

-

150 440



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#### New Water Waste

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

10 000 000  
-  
(6 000 000)  
**4 000 000**

10 000 000  
-  
-  
**10 000 000**

#### Camperdown Water Works

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

4 267 693  
-  
(267 598)  
**4 000 095**

4 267 693  
-  
-  
**4 267 693**

#### 26. Investment revenue

Interest revenue  
Bank

10 412 984

7 979 036

#### 27. Auditors' remuneration

Fees

1 616 219

1 401 170



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**28. Cash generated from operations**

Surplus	151 704 869	19 378 376
<b>Adjustments for:</b>		
Depreciation and amortisation	56 330 257	80 988 598
Loss on sale of assets and liabilities	-	512 709
Fair value adjustments	(16 546 512)	-
Impairment loss	787 843	41 255
Debt impairment	39 455 056	57 372 734
Movements in provisions	(350 000)	21 464 000
Prior year error	(260 807)	(1 981 982)
Other non-cash items	-	976 092
<b>Changes in working capital:</b>		
Inventories	(793 736)	(2 245 112)
Receivables from exchange transactions	(29 362 039)	(28 189 365)
Consumer debtors	(86 131 558)	(89 982 069)
Payables from exchange transactions	20 880 244	11 287 214
VAT	-	7 219 465
Unspent conditional grants	3 984 696	9 721 331
Consumer deposits	222 390	221 492
	<b>139 920 703</b>	<b>86 784 738</b>

**29. Commitments****Authorised capital expenditure****Already contracted for but not provided for**

• Property, plant and equipment	165 999 248	108 384 931
---------------------------------	-------------	-------------



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#### Contracted for operating commitments

• Office Rental	3 014 637	640 728
• Equipment Rental	-	71 481
• Security	494 500	7 159 759
• Communication	-	43 995
• Maintenance	122 647 471	2 467 619
• Water Tankering	57 890 925	8 405 712
	<b>184 047 533</b>	<b>18 789 294</b>

This committed expenditure relates to plant and equipment and will be financed by available government grant being MIG.

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	1 119 957	410 586
- in second to fifth year inclusive	1 894 651	230 142
- later than five years	29	-
	<b>3 014 637</b>	<b>640 728</b>

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and. No contingent rent is payable.

#### 30. Fruitless and wasteful expenditure

Interest due to late payment of creditors	131 838	291 004
Over payment of leave payouts	40 288	-
	<b>172 126</b>	<b>291 004</b>





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#### 31. Irregular expenditure

Opening balance	26 632 770	5 643 110
Add: Irregular Expenditure - current year	-	26 714 665
Less: Amounts condoned	-	(5 643 110)
Less: Amounts recoverable (not condoned)	-	(81 895)
	<b>26 632 770</b>	<b>26 632 770</b>

#### 32. Prior period errors and change

Correction of interest charged to councillors outstanding balances amounting to R 87 774 and correction of contingent asset incorrectly raised amounting to R173 047. There was also a correction of R 913 335 for the depreciation of buildings

The correction of the error(s) results in adjustments as follows:

##### Correction of Errors - Statement of financial position

Property, plant and equipment	(913 335)	-
Post Employment benefits	-	5 783 000
Sundry Debtors	260 821	-
Retained Earnings	(260 821)	(654 194)
Correction of error statements of financial performance	-	-
Depreciation	913 335	-
	<b>-</b>	<b>5 128 806</b>

#### 33. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statement for the year ended 30 June 2014

### Notes to the Annual Financial Statement

Figures in Rand

2014

2013

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.

The municipality recorded deviations totalling to R 19 928 726, in the last financial year and R 24 171 366 during the current financial year, that was ratified by Full Council at the respective meetings held during the financial year ended 30 June 2014.

#### 34. Impairment of assets

##### Impairments

Property, plant and equipment

787 843

41 255

#### 35. Change in estimate

##### Property, plant and equipment

The useful lives of movable property, plant and equipment was estimated in 2013 to be between 5 to 20 years. In the current period management have revised these estimates to be between 5 to 25 years. The effect of this revision has decreased the depreciation charges for the current period by a total of R 983 741

##### Infrastructure Assets

The useful life of infrastructure assets was estimated in 2013 to be 55 years. In the current period management have revised their estimate to be between 10 to 100 years. The effect of this revision has decreased the depreciation for the current period by R 236 330 425





## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

### Appendix A

Schedule of external loans as at 30 June 2014

#### Development Bank of South Africa

	Loan Number	Redeemable	Balance at 01 July 2013 Rand	Redeemed during the period Rand	Balance at June 30, 2014 Rand
10%	10394	2016/03/31	31 080	9 368	21 712
10%	10180	2016/03/31	1 768 049	532 895	1 235 154
10%	10392	2015/09/30	160 528	59 556	100 972
10%	10158	2016/03/31	2 366 037	595 788	1 770 249
10%	10395	2017/03/31	787 765	169 139	618 626
11%	13851	2018/09/30	4 233 831	581 874	3 651 957
14.5%	12358	2015/12/31	82 317	40 025	42 292
14.5%	12359	2015/12/31	64 463	37 944	26 519
3	12360	2017/12/31	30 987	8 788	22 199
15.6%	12361	2012/12/31	-	-	-
16.32%	12363	2011/12/31	-	-	-
8%	12698	2014/06/30	14 963	9 777	5 186
8.5%	12699	2014/06/30	15 984	7 659	8 325
10%	12700	2015/06/30	13 918	5 163	8 755
8,25%	12007528	2014/07/31	-	(70 000 000)	70 000 000
10%	9370	2014/09/30	627 103	407 801	219 302
10%	10181	2015/03/31	63 401	30 202	33 199
10%	10155	2015/03/31	1 156 255	549 945	606 310
10%	10157	2015/03/31	417 452	198 551	218 901
10%	10434	2016/03/31	1 768 050	532 896	1 235 154
			<b>13 602 183</b>	<b>(66 222 629)</b>	<b>79 824 812</b>
Total external loans			<b>13 602 183</b>	<b>(66 222 629)</b>	<b>79 824 812</b>

# UMGUNGUNDLOVU DISTRICT MUNICIPALITY

## Appendix E(1)

	Current year 2014 Act. Bal.	Current year 2014 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Service charges	132 685 082	92 521 000	40 164 082	43,4	This was as a result of the meter audit and some grants received were not spent during the year
Rental income	405 298	-	405 298	-	There was an increase in demand of short term parking.
Government Grants	533 093 404	497 864 000	35 229 404	7,1	
Other income	12 888 046	39 610 000	(26 721 954)	(67,5)	This is inline with the improvement of collection of revenue policy
Interest received	19 490 753	12 000 000	7 490 753	62,4	More Investments and Cash at bank in financial year
	698 562 583	641 995 000	56 567 583	8,8	
Expenses					
Personnel	(157 175 893)	(149 697 000)	(7 478 893)	5,0	
Remuneration of councillors	(9 944 341)	(13 300 000)	3 355 659	(25,2)	Outcome from the government gazette
Administration	(666 053)	-	(666 053)	-	
Depreciation	(56 330 257)	(58 725 000)	2 394 743	(4,1)	
Impairments	(787 843)	-	(787 843)	-	Movable assets impaired
Finance costs	(2 975 891)	(2 000 000)	(975 891)	48,8	Changes in JBAR rates
Debt impairment	(39 455 056)	(30 929 000)	(8 526 056)	27,6	Additional customers as a result of meter audit verification exercise and taking into account the Transunion ITC risk profile
Repairs and maintenance - General	(3 310 593)	-	(3 310 593)	-	Increased due to ageing infrastructure
Bulk purchases	(71 335 729)	(65 300 000)	(6 035 729)	9,2	Increase in number of customers - uMgeni Water
General Expenses	(245 493 000)	(221 422 572)	(24 070 428)	10,9	Increase from Contracted Services. More maintenance costs from Waste Water Works which experience increased number of spillages during the year and additional water tankering cost
General Expenses	24 070 431	-	24 070 431	-	
	(563 404 225)	(541 373 572)	(22 030 653)	4,1	
Other revenue and costs					
Fair value adjustments	16 546 512	-	16 546 512	-	Fair value adjustment on Infrastructure assets
	16 546 512	-	16 546 512	-	
Net surplus/ (deficit) for the year	151 704 870	100 621 428	51 083 442	50,8	





## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

### Appendix F - Cash and Equivalents

30 June 2014

#### Bank Balances

FNB Main Account	50940026773
FNB Salaries Account	50940092196
FNB WSA Projects	62023616462
FNB NSTD Call Account	62215748289
FNB Public Sector Cheque Account	62243484417
FNB Mandela Race Account	62411577193
Petty Cah	
Cashier Float	
FNB UMDM DBSA Account	62400041985

#### Short Term Deposits

ABSA	2070530459
STD Bank	358610095-002
Investec	50003728655
NedBank	196000028
FNB Investments	71101199555
State Bank of India	

Current Year 2014 -	Prior Year 2013 -
Rand	Rand
7 588 245.00	4 737 795.98
2 092 252.00	552 302.49
10 834 502.00	2 251 517.08
55 705 004.00	557 545.68
-	26 862.37
305 045.00	112 519.32
6 186.00	7 587.50
2 450.00	2 450.00
64.00	
<b>76 533 748.00</b>	<b>8 248 580.42</b>
30 000 000.00	10 000 000.00
30 000 000.00	20 000 000.00
30 000 000.00	20 000 000.00
30 000 000.00	20 000 000.00
3 750 000.00	3 750 000.00
5 000 000.00	0.00
<b>128 750 000.00</b>	<b>73 750 000.00</b>
<b>205 283 748.00</b>	<b>81 998 580.42</b>



## UMGUNGUNDLOVU DISTRICT MUNICIPALITY

### Appendix G - GRANTS & SUBSIDIES

30 June 2014

NAME OF GRANTS	Name of Organ of state/ Municipality	Amount Received	Expenditure @ 30 June 2013 - Rand	Balance @ 30 June 2013 - Rand
Corridor Development Grant	CoGTA	550 000.00	0.00	550 000.00
Water Purification Grant	CoGTA	2 244 800.00	0.00	2 244 800.00
Massification Grant	CoGTA	32 994 344.42	17 759 053.65	15 235 290.77
Camperdown Waste Water Works	CoGTA	4 267 692.55	267 597.10	4 000 095.45
New Waste Water Works & Bulk Sewer Line	CoGTA	10 000 000.00	6 000 000.00	4 000 000.00
Energy Sector	CoGTA	150 439.76	0.00	150 439.76
Intergovernmental Relations Grant	CoGTA	105 416.79	105 416.79	0.00
Water Demand Management Grant	DBSA	969 333.00	0.00	969 333.00
MSIG	National Treasury	1 250 000.00	1 250 000.00	0.00
FMG	National Treasury	897 000.00	897 000.00	0.00
KZN Sports	Department of Sports	633 775.88	0.00	633 775.88
PTP Grant	CoGTA	308 816.64	0.00	308 816.64
DPSS	CoGTA	1 276 151.91	275 134.93	1 001 016.98
HIV Awareness Grant	CoGTA	630 841.73	630 841.73	0.00
Materials Recovery Grant	CoGTA	19 553 971.77	0.00	19 553 971.77
IRO Municipal Excellence Grant	CoGTA	1 000 000.00	737 321.53	262 678.47
Growth & Development Summit	CoGTA	121 478.62	121 478.62	0.00
Shared Deployment Grant	CoGTA	800 000.00	0.00	800 000.00
Accredited Councillor Training Programme	CoGTA	200 000.00	176 979.92	23 020.08
EPWP Grant	Public Works	1 793 942.34	388 071.45	1 405 870.89
Rural Roads Asset Management Systems Grant	Department of Transport	2 446 925.55	1 494 745.00	952 180.55
Municipal Water Infrastructure Grant	National Treasury	8 750 000.00	4 722 662.25	4 027 337.75
<b>Balance</b>		<b>90 944 930.96</b>	<b>34 826 302.97</b>	<b>56 118 627.99</b>
MIG	National Treasury	133 781 000.00	200 371 950.97	-66 590 950.97
<b>Balance</b>		<b>133 781 000.00</b>	<b>200 371 950.97</b>	<b>-66 590 950.97</b>



## CHAPTER SIX

### Report of the Audit Committee

#### INTRODUCTION

The uMgungundlovu District Municipality Audit and Performance Audit Committee has been established by Council as an independent committee in terms of section 166 of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003, and the Municipal Systems Act (MSA), Act 32 of 2000. The Committee has adopted a formal Audit Committee Charter, which is regularly updated and approved by Council.

The Committee is honoured to present its report for the financial year ended 30 June 2014.

#### AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee Charter requires the Committee to consist of a minimum of three independent members, with a minimum of four (4) meetings to be held per annum to give effect to the responsibilities assigned to the Audit Committee in its Charter.

During the year under review, the Committee held seven (7) meetings as listed below:

Name of Member	Date of Appointment	Date of Termination
Ms. N.R. Sikhakhane (Tshabalala) – Chairperson	01 April 2012	Active
Mr. O'Connor	01 April 2012	Active
Mr. S. Shezi	01 October 2008	01 May 2014
Mr. S.D. Gabela	01 May 2014	Active
Ms. S. Keshav	01 May 2014	Active

Date	N.R.Sikhakhane	D. O'Connor	S. Shezi	S. Keshav	S.D. Gabela
01 July 2013	•	•	•	N/a	N/a
26 August 2013	•	•	Apology	N/a	N/a
18 September 2013	•	•	•	N/a	N/a
26 November 2013	•	•	Apology	N/a	N/a
14 February 2014	•	•	•	N/a	N/a
03 March 2014	•	•	•	N/a	N/a
17 June 2014	•	•	N/a	Apology	•
Total	7/7	7/7	1/7	0/7	1/7

## AUDIT COMMITTEE RESPONSIBILITIES

The regulation states the following as some of the responsibilities of performance audit committee:

- A performance audit committee must meet at least four times during the financial year of the municipality concerned.
- A special meeting of the performance audit committee may be called by any member of the committee.
- A performance audit committee may determine its own procedures after consultation with the executive mayor or the executive committee of the municipality concerned, as the case may be.
- A performance audit committee must:
  - > review the quarterly reports submitted to it in terms of sub-regulation (1)(c)(ii);
  - > review the municipality's performance management system and make recommendations in this regard to the council of that municipality; and
  - > at least twice during a financial year submit an audit report to the municipal council concerned.

The Audit Committee has adopted appropriate formal Terms of Reference in our charter in line with the requirements of section 166 of the Municipal Finance



Management Act, No. 56 of 2003. Furthermore, the Committee conducted its affairs in compliance with the charter.

The Committee met more than four times during the year and have commented and noted the reports tabled by the Internal Audit Activity. As mandated by MFMA we have approved the Internal Audit Plan and the Internal Audit Charter for the 2013/2014 financial year.

A mid-year report was submitted to Council as required by the Act.

## THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit Committee reviewed various reports from the Internal Audit Activity in terms of the approved audit plan. Based on our evaluation of the work of the Internal Audit Activity as well as feedback from the Auditor-General of South Africa, the Committee is of the opinion that the adequacy and effectiveness of internal control systems is generally sound, however, several deficiencies and control weaknesses were identified by Internal Audit during the year under review, which requires urgent management attention especially in the areas of fleet management and Information and Communication Technology.

Furthermore, management's commitment and interventions made in addressing the control deficiencies identified is acknowledged.

The Audit Committee has some concerns on the response from the Municipality on critical issues raised on the report of Information and Communication Technology which was issued by Treasury, there are high risk issues which were supposed to be attended to immediately but they were not attended to. We appeal to the Council to address those issues as matter of urgency.

## RISK MANAGEMENT AND GOVERNANCE

The Audit Committee has reviewed the adequacy of the design, implementation and monitoring of the Municipality's risk management processes and the integration thereof into the municipality's day to day activities, including:

- Reviewing the significant risk facing the municipality and the appropriateness of identified risk responses.
- Ensuring that a formal risk assessment is undertaken at least annually.

The Committee acknowledges the risk management processes that management has put in place; however the Municipality needs to increase its efforts in ensuring that the practice of risk management is embedded in the operational processes of the Municipality and monitored continuously.

## PERFORMANCE MANAGEMENT

The Audit Committee has considered the quarterly reports of the Internal Audit Activity in relation to performance management and can conclude that performance management system is in place and fully functional, however the following concerns were raised with management:

- Performance information is not being made available to internal audit on time to allow for proper review and verification of the credibility of the performance reports;
- Financial information is not always reported on the Service Delivery and Budget Implementation Plans to enable for effective monitoring of the implementation of the municipal budget;
- Portfolio of evidence not submitted for audit purposes resulting in the internal audit not being able to ascertain the extent to which measurable outputs were achieved;
- The culture of performance management among senior and middle management has not been firmly established and promoted (i.e. performance management is seen as a compliance issue).

We have seen an improvement on the issue of Portfolio of Evidence; however, much can still be done to ensure that the information is available on time.

## THE QUALITY OF IN-YEAR MANAGEMENT AND MONTHLY/ QUARTERLY REPORTS SUBMITTED IN TERMS OF THE MFMA

The Committee has reviewed the content and quality of in-year management and monthly / quarterly report submitted in terms of the MFMA and the Division of Revenue Act, and issues on completeness and accuracy of the reports were raised with Management, to take the necessary corrective actions.

## INTERNAL AUDIT

The Committee is satisfied that the internal audit work was conducted in accordance with the approved annual audit plan, and with the content and quality of



internal auditors quarterly reports prepared and issued for the period under review.

### EVALUATION OF FINANCIAL STATEMENTS (to be amended pending AG report).

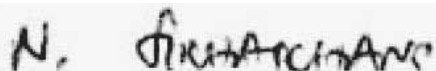
#### The Audit Committee has:

- Reviewed and discussed the municipality's annual financial statements for the year ended 30 June 2014;
- Reviewed the municipality's compliance with legal and regulatory provisions; and
- Reviewed the Auditor-General's report and management responses thereto. (Pending AG report).

The Committee concurs and accepts the Auditor-General's conclusions on the municipality's annual financial statements and performance information and is of the opinion that the audited annual financial statements and performance report be accepted and read together with the report of the Auditor-General.

### APPRECIATION

The Committee wishes to express its sincere appreciation to the Mayor, Council, Municipal Manager, management and officials of the municipality for their support and cooperation during the year under review. The Committee also acknowledges the support and assistance of the Auditor-General of South Africa, CoGTA and KZN Provincial Treasury.



**N.R. SIKHAKHANE (TSHABALALA)**  
Chairperson of the Audit Committee  
31 July 2014

## CHAPTER SEVEN

### REPORT OF THE AUDITOR GENERAL TO THE KWAZULU NATAL PROVINCIAL LEGISLATURE AND COUNCIL ON UMGUNGUNDLOVU DISTRICT MUNICIPALITY

#### REPORT ON FINANCIAL STATEMENTS

##### Introduction

1. I have audited the financial statements of the uMgungundlovu District Municipality set out on pages 69 to 136, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

##### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognized Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No.2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends on the auditor's judgment, including the assessment of the risks of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risks of material misstatements, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMgungundlovu District Municipality as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

#### **Emphasis of matters**

7. I draw attention to the matters below. My opinion is not modified in respect of these matters

#### **Material losses and impairments**

8. As disclosed in note 14 to the financial statements, material losses amounting to 55% were incurred as a result of water distribution losses.
9. As disclosed in note 14 to the financial statements, consumer debts have been impaired by an amount of R254, 18 million relating to difficulties experienced in collecting long outstanding debts.

#### **Additional matters**

10. I draw attention to the matters below. My opinion is not modified in respect of these matters



### Unaudited supplementary information

11. The supplementary information set out on pages 40 to 42 do not form part of the financial statements and are presented as additional information. I have not audited these schedules, and accordingly, I do not express an opinion thereon.

### Unaudited disclosure notes.

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with MFMA. This disclosure requirement did not form part of the audit of the financial statements, and accordingly, I do not express an opinion thereon.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non – compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance of these matters. Accordingly I do not express an opinion or conclusion of these matters.

### Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2014
- To provide access to sustainable quality drinking water and sanitation service on pages 43 to 44
  - To provide access to basic levels of water on pages 45 to 49
  - To improve access to basic levels of sanitation on pages 49 to 50
15. I evaluated the reported performance against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework of managing programme performance information*

17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. I did not raise any material findings on the reported performance information for the selected objectives.

#### **Additional matters**

19. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matter below.

#### **Achievement of planned targets**

20. Refer to the annual performance report on pages 43 to 44 and 45 to 50 for information on the achievement of the planned targets for the year.

#### **Unaudited supplementary schedules.**

21. The supplementary information set out on pages 133 to 136 do not form part of the annual performance report and is presented as additional information. I have not audited these schedules, accordingly, I do not express a conclusion thereon

#### **Compliance with legislation**

22. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identified any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

#### **Internal control**

23. I considered internal relevant to my audit of the financial statements, annual performance report, and compliance with legislation. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

### **OTHER REPORTS**

#### **Investigations**

24. An independent legal firm is performing an investigation at the request of the municipality, which covers the 2013-14 financial year. The investigation was initiated based on an allegation of the possible inflation of overtime claims and vehicle abuse. Outcome of the investigation is expected by 31 December 2014.

25. An independent consultancy firm is performing an investigation at the request of the municipality, which covers the 2013-14 financial year. The investigation was initiated based on an allegation of the possible theft of water meters and fraud in Richmond. The outcome of the investigation is expected by 31 December 2014.

*Auditor General*

Pietermaritzburg

28 November 2014



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## CHAPTER EIGHT

### Progress Report in Addressing Issues raised by the Auditor-General

#### uMgungundlovu District Municipality Audit Action Plan 2013/2014

No	Finding	Corrective measure	Responsible person	Due Date
1	Post employment benefit disclosure not fully GRAP 25 compliant	An independent quality review of the AFS will be conducted before submission to AG and a GRAP compliance checklist will be developed and implemented over the preparation of the AFS.	Chief Financial Officer	30-Mar-15
2	Leave pay out processed in excess of 48 days	leave records reconciliation will be performed and the leave records adjusted.	Manager: HR	30-Jan-15
3	Overpayment of leave payout	leave records reconciliation will be performed and the leave records adjusted and recovery of the overpayment will be pursued and updated in the fruitless and wasteful expenditure register	Manager Expenditure	30-Jan-15
4	No pre-approval of overtime	Overtime schedules will be prepared weekly for planned overtime and approved by the HOD. Overtime form will be completed for planned overtime.	All HODs	30-Jan-15
5	Overpayment of overtime	The calculations will be re performed by the Manager Expenditure before processing of overtime pay, the preparer and reviewer to sign the calculations. The overtime will be recovered.	Manager Expenditure	30-Dec-14
	Inadequate disclosure in relation to GRAP	An independent quality review of the AFS will be conducted before submission to AG and a GRAP compliance checklist will be developed and implemented over the preparation of the AFS.	Chief Financial Officer/Internal Audit Manager/ Audit Committee	30-Mar-15
	Depreciation on buildings not consistently effected	GRAP compliance checklist will be applied over the preparation process of the AFS. Policy will be amended.	Manager Budget and Compliance	30-Mar-15
	No details disclosed of which classes of property, plant and equipment were revalued	GRAP compliance checklist will be applied over the preparation process of the AFS. AFS Accounting Policy has been updated and will be updated yearly for disclosure purposes	Manager Budget and Compliance	30-Mar-15
	Zero value assets in the fixed asset register	FAR to be updated monthly and reconciled on a monthly basis.Revaluation exercise to determine revised useful lives for assets will resume in the new year.	Manager Budget and Compliance	30-Mar-15



Intangible assets not accounted for and accordingly disclosed	GRAP compliance checklist will be applied over the preparation process of the AFS	Manager Budget and Compliance	30-Mar-15
Inadequate disclosure of Inventory in line with GRAP 12	GRAP compliance checklist will be applied over the preparation process of the AFS	Manager Supply Chain Manager	30-Mar-15
Water inventory understated in AFS	A formula for the calculation of water stocks will be developed	Manager: Operations	30-Mar-15



**uMgungundlovu District Municipality  
Audit Action Plan 2013/2014**

Impairment of obsolete and unused moveable assets not effected	FAR monthly reconciliation and asset counts to be conducted quarterly	Manager Budget and Compliance	30-Mar-15
Assets written off and further identified for impairment	FAR monthly reconciliation and asset counts to be conducted quarterly	Manager Budget and Compliance	30-Mar-15
Inadequate controls applied over journals	Standard template will be developed which includes the preparer, reviewer and authoriser. In addition supporting documentation and dated capture stamp will be introduced.	All Finance Managers	30-Dec-14
Fixed Asset register not GRAP 17 compliant	GRAP 17 compliance checklist to be developed and implemented. Independent quality review will be applied over the FAR and AFS in addition to quarterly AFS being prepared.	Manager Budget and Compliance	30-Mar-15
Condonation of irregular Expenditure not in line with sec 170 MFMA	Register of irregular expenditure will be developed and all matters followed up in terms of section 32 and 170 of the MFMA	SCM Manager	30-Jan-15
No needs analysis for appointment of consultants	A needs analysis framework will be developed for the appointment of consultants	SCM Manager	28-Feb-15
No policy for the use of consultants	A use of consultants policy will be drafted	SCM Manager	30-Mar-15
Creditors not paid in 30 days	Invoice incidents management tool will be reviewed daily and reported to Manco on a monthly basis for compliance.	Manager Expenditure	30-Jan-15
VAT on fringe benefits relating to the use of council vehicle not accounted for	The procedure will be communicated to employees and effected	Manager Administration	28-Feb-15
Adjustment for provision for bad debts note does not agree to the AFS	Independent quality review over the AFS will be applied.	CFO/IA/Audit Committee	30-Mar-15
Poor implementation of debt collection policy	Additional service providers to be sourced to improve the restrictions and disconnections for defaulting consumers. AOD s will be followed up monthly and action in line with the policy effected on further defaults.	Manager Income	28-Feb-15
Expired rental agreement for parking space lease	Quidity contract management tool will be utilised to monitor contracts. Notices to user departments will be issued 6 months before expiry of contracts.	SCM Manager	28-Feb-15
Municipality does not maintain an approved indigent register	Public awareness campaigns will be conducted	Manager Income	
Vat not correctly disclosed on commitments (understatement of commitments)	Independent quality review of the AFS to be applied	Manager Budget and Compliance	30-Mar-15



## REFERENCES

1. uMgungundlovu District Municipality Integrated Development Plan
2. Integrated Development Plan Guide Pack
3. Policy Framework for Managing Performance in the uMgungundlovu District Municipality
4. uMgungundlovu District Municipality Performance Management System
5. Annual Reports of numerous municipalities
6. Relevant legislation and policy directives
7. Municipal Finance Management Act (Act no. 56 of 2003) Circular no. 32
8. Municipal Finance Management Act (Act no. 56 of 2003) Circular no. 11

[illegible]



### **FOR INPUTS AND COMMENTS:**

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